

IN THE CIRCUIT COURT
THIRD JUDICIAL CIRCUIT
MADISON COUNTY, ILLINOIS

FILED

MAY 28 2009

CLERK OF CIRCUIT COURT #6
THIRD JUDICIAL CIRCUIT
MADISON COUNTY, ILLINOIS

No.: 09L541

IVAN NEATHERY , individually and as a shareholder of Meridian Bank,)
)
Plaintiff,)
)
vs.)
)
CLAY WINFIELD , individually and as a member of the Board of Directors of Meridian Bank, TIMOTHY KEISER , individually and as a member of the Board of Directors of Meridian Bank, BRAD RENCH , individually and as the President of Meridian Bank, and MERIDIAN BANK , an Illinois Corporation,)
)
Defendants.)

COMPLAINT

COMES NOW plaintiff, **Ivan Neathery**, individually and as a shareholder of Meridian Bank, by and through his attorneys, Williams, Caponi, Foley & Eckert, P.C., and for his Complaint against defendants, **Clay Winfield**, individually and as a member of the Board of Directors of Meridian Bank, **Timothy Keiser**, individually and as a member of the Board of Directors of Meridian Bank, **Brad Rensch**, individually and as the President of Meridian Bank, and **Meridian Bank**, an Illinois Corporation, states as follows:

COUNT I - SHAREHOLDER DERIVATIVE CLAIM

COMES NOW plaintiff, **Ivan Neathery**, by and through his attorneys, Williams, Caponi, Foley & Eckert, P.C., and for his derivative action, Count I of his Complaint, alleges on personal knowledge as to his own acts, and on information and belief as to all other matters, against defendants, **Clay Winfield**, individually and as a member of the Board of Directors of Meridian Bank, **Timothy Keiser**, individually and as a member

of the Board of Directors of Meridian Bank, **Brad Rensch**, individually and as the President of Meridian Bank, and **Meridian Bank**, an Illinois Corporation, states as follows:

1. At all times relevant to this cause of action, this derivative action is brought on behalf of Meridian Bank to remedy and recover damages sustained as a result of reckless and egregious acts of breaches of fiduciary duty and corporate waste by members of the Meridian Bank Board of Directors and senior executives of Meridian Bank.

2. At all times relevant to this cause of action, plaintiff, **Ivan Neathery**, is a resident of Bond County, Illinois, is, and has been, a holder of Meridian Bank Common Stock,

3. At all times relevant to this cause of action, nominal defendant, **Meridian Bank**, is an Illinois Corporation with its principal place of business in Edwardsville, Madison County, Illinois, and is, or was, in the banking industry.

4. At all times relevant to this cause of action, defendants, identified below, are officers and/or directors of Meridian Bank, and held positions with Meridian Bank, as indicated:

Defendant - **Clay Winfield**, director - Board of Directors;

Defendant - **Timothy Keiser**, director - Board of Directors; and

Defendant - **Brad Rensch**, officer - President.

5. This Court has jurisdiction over the present action pursuant to 735 ILCS § 5/2-209(a)(1) and § 5/2-209(a)(2), by defendants' transacting business and breaching their fiduciary duties.

6. Venue is proper in this county under the Illinois Code of Civil Procedure, 735 ILCS § 5/2-101, due to defendant, Timothy Keiser, residing in Madis

on, County, Illinois, defendant, Meridian Bank, maintaining its principal place of business in Madison County, Illinois and because defendant, Meridian Bank, has transacted substantial business in this county.

7. Demand on the Meridian Bank Board of Directors to bring this suit against the individual defendants herein would be a futile and useless act in that the defendants committed the wrongs complained of herein, profited from the wrongs, and would not sue themselves or cause Meridian Bank to file suit against themselves. Further, the acts that are complained of herein constitute violations of fiduciary duties owed to Meridian Bank and its shareholders, and these acts are incapable of ratification.

8. At all times relevant to this cause of action, and based upon information and belief, defendants engaged in conduct that is, and was, detrimental to Meridian Bank, and its shareholders. Defendants' conduct includes, but is not limited to, the following:

- a. Directors, Winfield and Keiser, with Bank President Rench having knowledge, extended loans to themselves for the purchase of real estate, with the interest rate set at an amount less than they would receive with any other bank;
- b. Directors, Winfield and Keiser, with Bank President Rench having knowledge, pledged security to Meridian Bank for the aforementioned loan, then obtained a new loan from a separate lending institution by pledging the same security, prior to repaying the outstanding loan owed to Meridian bank and without disclosing same to any necessary parties;

- c. Directors, Winfield and Keiser, with Bank President Rensch having knowledge, sold real estate to the bank at more than five (5) times the amount that it was purchased;
- d. Directors, Winfield and Keiser, with Bank President Rensch having knowledge, willfully and intentionally withheld or refused to inform the stockholders of the aforementioned conduct;
- e. With knowledge of the wrongful and intentional conduct, directors, Winfield and Keiser, with Bank President Rensch having knowledge, sold Meridian Bank stock to unsuspecting public at a profit, in order to continue to engage in the courses of conduct described herein;
- g. Directors, Winfield and Keiser, with Bank President Rensch having knowledge, refused and willfully failed to follow corporate procedures and by-laws;
- h. Operating with management whose policies and practices are detrimental to the Bank and jeopardize the safety of its deposits;
- i. Operating with a board of directors which has failed to provide adequate supervision over and direction to the management of the Bank to prevent unsafe or unsound banking practices
- j. Engaging in hazardous lending and lax collection practices, including, but not limited to:
 - The failure to obtain proper loan documentation;
 - The failure to obtain adequate collateral;
 - The failure to establish and monitor collateral margins of secured borrowers;

- The failure to obtain current and complete financial information; and
 - The failure to establish an adequate loan review program.
- k. Operating with an excessive level of adversely classified assets, delinquent loans, and non-accrual loans;
 - l. Operating with inadequate procedures for determining the adequacy of the Bank's allowance for loans and lease losses for the volume, kind, and quality of loans and leases held;
 - m. Operating with an inadequate allowance for loans and lease losses for the volume, kind, and quality of loans and leases held;
 - n. Operating in a manner which has resulted in inadequate earnings;
 - o. Operating with an inadequate level of capital protection for the kind and quality of assets held;
 - p. Operating with an inadequate liquidity policy; and
 - q. Operating with an inadequate strategic plan.

9. As a result of the aforementioned conduct on the part of the directors and officer mentioned herein, Meridian Bank was, and is closed by Federal Regulators and the individual stockholders or shareholders are damaged and harmed as a result of same.

10. At all times relevant to this cause of action, the director defendants and the officer defendant are fiduciaries of Meridian Bank and of all of its shareholders and owe to them the duty to conduct the business of the company, loyally, faithfully, carefully, diligently and prudently.

11. The director defendants and the officer defendant became aware or should have become aware through reasonable inquiry and diligence of the adverse facts alleged herein, but did nothing to correct them and thereby breached their duty of care, loyalty, accountability, and disclosure to the shareholders of Meridian Bank by failing to act as an ordinary prudent person would have acted in a like position.

12. The director defendants and the officer defendant have been responsible for the gross mismanagement of Meridian Bank in connection with its lending practices, its use of corporate assets, and its purchase practices. The director defendants and the officer defendant abdicated their corporate responsibilities by mismanaging Meridian Bank in at least the following ways:

- a. Caused Meridian Bank to extend loans to the directors, for the purchase of real estate, with the interest rate set at an amount less than they would receive with any other bank;
- b. Caused Meridian Bank to extend loans to the directors without adequate security;
- c. Caused Meridian Bank to extend loans to the directors by fraudulently pledging security;
- d. Fraudulently pledged certain assets as security for loans to be extended to the director defendants, knowing that the assets to be pledged were, or are fictitious;
- e. Caused Meridian Bank to purchase property or real estate from the defendant directors, with the defendant officer having knowledge, at an amount that was fictitiously set at more than five (5) times the amount that it was purchased, or fair market value;

- f. Director defendants and the officer defendant abused their respective positions and inside information and engaged in conduct that benefited them on an individual and personal basis to the detriment of Meridian Bank;
- g. Operating with management whose policies and practices are detrimental to the Bank and jeopardize the safety of its deposits;
- h. Operating with a board of directors which has failed to provide adequate supervision over and direction to the management of the Bank to prevent unsafe or unsound banking practices
- i. Engaging in hazardous lending and lax collection practices, including, but not limited to:
 - The failure to obtain proper loan documentation;
 - The failure to obtain adequate collateral;
 - The failure to establish and monitor collateral margins of secured borrowers;
 - The failure to obtain current and complete financial information; and
 - The failure to establish an adequate loan review program.
- j. Operating with an excessive level of adversely classified assets, delinquent loans, and non-accrual loans;
- k. Operating with inadequate procedures for determining the adequacy of the Bank's allowance for loans and lease losses for the volume, kind, and quality of loans and leases held;

- l. Operating with an inadequate allowance for loans and lease losses for the volume, kind, and quality of loans and leases held;
- m. Operating in a manner which has resulted in inadequate earnings;
- n. Operating with an inadequate level of capital protection for the kind and quality of assets held;
- o. Operating with an inadequate liquidity policy; and
- p. Operating with an inadequate strategic plan.

13. As a result of the director and officer defendants' wrongful conduct and wrongful actions, Meridian Bank and its shareholders have suffered and will continue to suffer considerable damage.

14. All of the director and officer defendants, singly and in concert, engaged in the aforesaid conduct in the intentional breach, and/or reckless disregard of their fiduciary duties to Meridian Bank and its shareholders. Plaintiff, as a shareholder and representative of Meridian Bank, seeks damages and other relief for Meridian Bank.

WHEREFORE, plaintiff, **Ivan Neathery**, individually and as a shareholder of Meridian Bank, respectfully requests judgment on behalf of Meridian Bank, against defendants, **Clay Winfield**, individually and as a member of the Board of Directors of Meridian Bank, **Timothy Kelsner**, individually and as a member of the Board of Directors of Meridian Bank, and **Brad Rench**, individually and as the President of Meridian Bank, for restitution and/or damages in favor of plaintiff, on behalf of Meridian Bank and its shareholders, and awarding punitive and exemplary damages as appropriate plus prejudgment interest, costs of disbursements of this action, including reasonable attorneys', accountants' and experts' fees and costs and for such further relief this Court deems just and proper.

COUNT II
SHAREHOLDER DERIVATIVE CLAIM WASTE OF CORPORATE ASSETS

COMES NOW plaintiff, **Ivan Neathery**, by and through his attorneys, Williams, Caponi, Foley & Eckert, P.C., and for his derivative action, Count II of his Complaint, alleges on personal knowledge as to his own acts, and on information and belief as to all other matters, against defendants, **Clay Winfield**, individually and as a member of the Board of Directors of Meridian Bank, **Timothy Keiser**, individually and as a member of the Board of Directors of Meridian Bank, **Brad Rench**, individually and as the President of Meridian Bank, and **Meridian Bank**, an Illinois Corporation, states as follows:

1. At all times relevant to this cause of action, this derivative action is brought on behalf of Meridian Bank to remedy and recover damages sustained as a result of reckless and egregious acts of breaches of fiduciary duty and corporate waste by members of the Meridian Bank Board of Directors and senior executives of Meridian Bank.

2. At all times relevant to this cause of action, plaintiff, **Ivan Neathery**, is a resident of Bond County, Illinois, is, and has been, a holder of Meridian Bank Common Stock.

3. At all times relevant to this cause of action, nominal defendant, **Meridian Bank**, is an Illinois Corporation with its principal place of business in Edwardsville, Madison County, Illinois, and is, or was, in the banking industry.

4. At all times relevant to this cause of action, defendants, identified below, are officers and/or directors of Meridian Bank, and held positions with Meridian Bank, as indicated:

Defendant - **Clay Winfield**, director - Board of Directors;

Defendant - **Timothy Keiser**, director - Board of Directors; and

Defendant - **Brad Rench**, officer – President.

5. This Court has jurisdiction over the present action pursuant to 735 ILCS § 5/2-209(a)(1) and § 5/2-209(a)(2), by defendants' transacting business and breaching their fiduciary duties.

6. Venue is proper in this county under the Illinois Code of Civil Procedure, 735 ILCS § 5/2-101, due to defendant, Timothy Keiser, residing in Madison, County, Illinois, defendant, Meridian Bank, maintaining its principal place of business in Madison County, Illinois and because defendant, Meridian Bank, has transacted substantial business in this county.

7. Demand on the Meridian Bank Board of Directors to bring this suit against the individual defendants herein would be a futile and useless act in that the defendants committed the wrongs complained of herein, profited from the wrongs, and would not sue themselves or cause Meridian Bank to file suit against themselves. Further, the acts that are complained of herein constitute violations of fiduciary duties owed to Meridian Bank and its shareholders, and these acts are incapable of ratification.

8. At all times relevant to this cause of action, and based upon information and belief, defendants engaged in conduct that is, and was, detrimental to Meridian Bank, and its shareholders. Defendants' conduct includes, but is not limited to, the following:

- a. Directors, Winfield and Keiser, with Bank President Rench having knowledge, extended loans to themselves for the purchase of real estate, with the interest rate set at an amount less than they would receive with any other bank;

- b. Directors, Winfield and Keiser, with Bank President Rensch having knowledge, pledged security to Meridian Bank for the aforementioned loan, then obtained a new loan from a separate lending institution by pledging the same security, prior to repaying the outstanding loan owed to Meridian bank and without disclosing same to any necessary parties;
- c. Directors, Winfield and Keiser, with Bank President Rensch having knowledge, Sold real estate to the bank at more than five (5) times the amount that it was purchased;
- d. Directors, Winfield and Keiser, with Bank President Rensch having knowledge, willfully and intentionally withheld or refused to inform the stockholders of the aforementioned conduct;
- e. With knowledge of the wrongful and intentional conduct, directors, Winfield and Keiser, with Bank President Rensch having knowledge, sold Meridian Bank stock to unsuspecting public at a profit, in order to continue to engage in the courses of conduct described herein;
- f. Directors, Winfield and Keiser, with Bank President Rensch having knowledge, refused and willfully failed to follow corporate procedures and by-laws;
- g. Operating with management whose policies and practices are detrimental to the Bank and jeopardize the safety of its deposits;
- h. Operating with a board of directors which has failed to provide adequate supervision over and direction to the management of the Bank to prevent unsafe or unsound banking practices;

- i. Engaging in hazardous lending and lax collection practices, including, but not limited to:
 - The failure to obtain proper loan documentation;
 - The failure to obtain adequate collateral;
 - The failure to establish and monitor collateral margins of secured borrowers;
 - The failure to obtain current and complete financial information; and
 - The failure to establish an adequate loan review program.
- j. Operating with an excessive level of adversely classified assets, delinquent loans, and non-accrual loans;
- k. Operating with inadequate procedures for determining the adequacy of the Bank's allowance for loans and lease losses for the volume, kind, and quality of loans and leases held;
- l. Operating with an inadequate allowance for loans and lease losses for the volume, kind, and quality of loans and leases held;
- m. Operating in a manner which has resulted in inadequate earnings;
- n. Operating with an inadequate level of capital protection for the kind and quality of assets held;
- o. Operating with an inadequate liquidity policy; and
- p. Operating with an inadequate strategic plan.

9. As a result of the aforementioned conduct on the part of the directors and officer mentioned herein, Meridian Bank was, and is closed by Federal Regulators

and the individual stockholders or shareholders are damaged and harmed as a result of same.

10. At all times relevant to this cause of action, the director defendants and the officer defendant are fiduciaries of Meridian Bank and of all of its shareholders and owe to them the duty to conduct the business of the company, loyally, faithfully, carefully, diligently and prudently.

11. The director defendants and the officer defendant became aware or should have become aware through reasonable inquiry and diligence of the adverse facts alleged herein, but did nothing to correct them and thereby breached their duty of care, loyalty, accountability, and disclosure to the shareholders of Meridian Bank by failing to act as an ordinary prudent person would have acted in a like position.

12. The director defendants and the officer defendant have been responsible for the gross mismanagement of Meridian Bank in connection with its lending practices, its use of corporate assets and its purchase practices. The director defendants and the officer defendant abdicated their corporate responsibilities by mismanaging Meridian Bank in at least the following ways:

- a. Caused Meridian Bank to extend loans to the directors, for the purchase of real estate, with the interest rate set at an amount less than they would receive with any other bank;
- b. Caused Meridian Bank to extend loans to the directors without adequate security;
- c. Caused Meridian Bank to extend loans to the directors by fraudulently pledging security;

- d. Fraudulently pledged certain assets as security for loans to be extended to the director defendants, knowing that the assets to be pledged were, or are fictitious;
- e. Caused Meridian Bank to purchase property or real estate from the defendant directors, with the defendant officer having knowledge, at an amount that was fictitiously set at more than five (5) times the amount that it was purchased, or fair market value;
- f. Director defendants and the officer defendant abused their respective positions and inside information and engaged in conduct that benefited them on an individual and personal basis to the detriment of Meridian Bank;
- g. Operating with management whose policies and practices are detrimental to the Bank and jeopardize the safety of its deposits;
- h. Operating with a board of directors which has failed to provide adequate supervision over and direction to the management of the Bank to prevent unsafe or unsound banking practices;
- i. Engaging in hazardous lending and lax collection practices, including, but not limited to:
 - The failure to obtain proper loan documentation;
 - The failure to obtain adequate collateral;
 - The failure to establish and monitor collateral margins of secured borrowers;
 - The failure to obtain current and complete financial information; and

- The failure to establish an adequate loan review program.
- j. Operating with an excessive level of adversely classified assets, delinquent loans, and non-accrual loans;
- k. Operating with inadequate procedures for determining the adequacy of the Bank's allowance for loans and lease losses for the volume, kind, and quality of loans and leases held;
- l. Operating with an inadequate allowance for loans and lease losses for the volume, kind, and quality of loans and leases held;
- m. Operating in a manner which has resulted in inadequate earnings;
- n. Operating with an inadequate level of capital protection for the kind and quality of assets held;
- o. Operating with an inadequate liquidity policy; and
- p. Operating with an inadequate strategic plan.

13. As a result of the director and officer defendants wrongful conduct and wrongful actions, Meridian Bank and its shareholders have suffered and will continue to suffer considerable damage.

14. All of the director and officer defendants, singly and in concert, engaged in the aforesaid conduct in the intentional breach, and/or reckless disregard of their fiduciary duties to Meridian Bank and its shareholders. Plaintiff, as a shareholder and representative of meridian Bank, seeks damages and other relief for Meridian Bank.

15. The director and officer defendants loaned themselves funds at an interest rate below market rates, caused the corporation to purchase real property at an amount five (5) times the value of which they had paid, and caused a loan to be extended to themselves without providing or fraudulently providing security that was

inadequate and subsequently pledged as security for a loan with another lending institution without repaying the existing loan with Meridian Bank. Therefore, they wasted Meridian Bank's assets. As a result, Meridian Bank and its shareholders have been damaged.

WHEREFORE, plaintiff, **Ivan Neathery**, individually and as a shareholder of Meridian Bank, respectfully requests judgment on behalf of Meridian Bank, against defendants, **Clay Winfield**, individually and as a member of the Board of Directors of Meridian Bank, **Timothy Kelsner**, individually and as a member of the Board of Directors of Meridian Bank, and **Brad Rench**, individually and as the President of Meridian Bank, for restitution and/or damages in favor of plaintiff, on behalf of Meridian Bank and its shareholders, and awarding punitive and exemplary damages as appropriate plus prejudgment interest, costs of disbursements of this action, including reasonable attorneys', accountants' and experts' fees and costs and for such further relief this Court deems just and proper.

**COUNT III – VIOLATION OF ILLINOIS CONSUMER FRAUD
AND DECEPTIVE BUSINESS PRACTICES ACT**
(Clay Winfield)

COMES NOW plaintiff, **Ivan Neathery**, by and through his attorneys, Williams, Caponi, Foley & Eckert, P.C., and for Count III of his Complaint, against defendant, **Clay Winfield**, individually and as a member of the Board of Directors of Meridian Bank, states as follows:

1. At all times relevant to this cause of action, plaintiff is and was a resident of Bond County, Illinois, and is a shareholder of Meridian Bank, an Illinois Corporation or Bank that maintained its principal place of business in Edwardsville, Madison County, Illinois.

2. At all times relevant to this cause of action, defendant, **Clay Winfield**, is a resident of the state of Florida, and regularly and systematically conducts business within Madison County, Illinois.

3. At all times relevant to this cause of action, defendant, **Clay Winfield**, was and is a Member of the Board of Directors of Meridian Bank, an Illinois Corporation, with its principal place of business in Edwardsville, Madison County, Illinois.

4. At all times relevant to this cause of action, the conduct, actions and agreements of the respective parties herein, occurred in Edwardsville, Madison County, Illinois.

5. Venue is proper in this county under the Illinois Code of Civil Procedure, 735 ILCS § 5/2-101, due to defendant, conducting business in Madison County, Illinois, engaging in business transactions in Madison County, Illinois and availing himself to the laws of Madison County, Illinois.

6. At all times relevant to this cause of action, Meridian Bank is, or was an Illinois chartered bank, that offered banking services to the public at large, and offered to investors shares of stock in exchange for their respective investments.

7. In conjunction with the sale of the shares of stock to the investors, defendant provided fictitious information, including but not limited to the following matters, the financial state of the bank, the lending policies and procedures, the operational policy and procedures.

8. In conjunction with the sale of the shares of stock to the investors, defendant represented to the investor, here plaintiff, that there were and are corporate procedures and by-laws to be followed and certain other safeguards pertaining to the investment.

9. Defendant intended plaintiff and other investors rely on the aforementioned assertions, information and representations in purchasing shares of stock of Meridian Bank, and that in reliance on the aforesaid, plaintiff did purchase shares of stock from defendant.

10. At all times relevant to this cause of action, and based upon information and belief, defendant engaged in conduct that is, and was, detrimental to Meridian Bank, and its shareholders. Defendants' conduct includes, but is not limited to, the following:

- a. Defendant assisted in having loans extended to himself with corporate officers having knowledge, for the purchase of real estate, with the interest rate set at an amount less than anyone would receive with any other bank;
- b. Defendant assisted in having loans extended to himself with corporate officers having knowledge, pledged security to Meridian Bank for the aforementioned loan, then obtained a new loan from a separate lending institution by pledging the same security, prior to repaying the outstanding loan owed to Meridian bank and without disclosing same to any necessary parties;
- c. Defendant assisted in selling real estate to meridian Bank with corporate officers having knowledge, at more than five (5) times the amount that it was purchased;
- d. Defendant assisted, encouraged and in having loans extended to himself with corporate officers having knowledge, willfully and

intentionally withheld or refused to inform the stockholders of the
aforementioned conduct;

- e. With knowledge of the wrongful and intentional conduct, Defendant assisted in having loans extended to himself with corporate officers having knowledge, directors, Winfield and Keiser, with Bank President Rensch having knowledge, sold Meridian Bank stock to unsuspecting public at a profit, in order to continue to engage in the courses of conduct described herein;
- f. Directors, Winfield and Keiser, with Bank President Rensch having knowledge, refused and willfully failed to follow corporate procedures and by-laws;
- g. Operating with management whose policies and practices are detrimental to the Bank and jeopardize the safety of its deposits.
- h. Operating with a board of directors which has failed to provide adequate supervision over and direction to the management of the Bank to prevent unsafe or unsound banking practices
- i. Engaging in hazardous lending and lax collection practices, including, but not limited to:
 - The failure to obtain proper loan documentation;
 - The failure to obtain adequate collateral;
 - The failure to establish and monitor collateral margins of secured borrowers;
 - The failure to obtain current and complete financial information; and

- The failure to establish an adequate loan review program.
- j. Operating with an excessive level of adversely classified assets, delinquent loans, and non-accrual loans;
- k. Operating with inadequate procedures for determining the adequacy of the Bank's allowance for loans and lease losses for the volume, kind, and quality of loans and leases held;
- l. Operating with an inadequate allowance for loans and lease losses for the volume, kind, and quality of loans and leases held;
- m. Operating in a manner which has resulted in inadequate earnings;
- n. Operating with an inadequate level of capital protection for the kind and quality of assets held;
- o. Operating with an inadequate liquidity policy; and
- p. Operating with an inadequate strategic plan.

11. As a result of the aforementioned conduct on the part of defendant, Meridian Bank was, and is closed by Federal Regulators and the individual stockholders or shareholders are damages and harmed as a result of same.

12. Defendant has been responsible for the gross mismanagement of Meridian Bank in connection with its lending practices, its use of corporate assets and its purchase practices. Defendant abdicated his corporate responsibilities by mismanaging Meridian Bank in at least the following ways:

- a. Caused Meridian Bank to extend loans to the directors, for the purchase of real estate, with the interest rate set at an amount less than they would receive with any other bank;

- b. Caused Meridian Bank to extend loans to the directors without adequate security;
- c. Caused Meridian Bank to extend loans to the directors by fraudulently pledging security;
- d. Fraudulently pledged certain assets as security for loans to be extended to the director defendants, knowing that the assets to be pledged were, or are fictitious;
- e. Caused Meridian Bank to purchase property or real estate from the defendant directors, with the defendant officer having knowledge, at an amount that was fictitiously set at more than five (5) times the amount that it was purchased, or fair market value;
- f. Director defendants and the officer defendant abused their respective positions and inside information and engaged in conduct that benefited them on an individual and personal basis to the detriment of Meridian Bank;
- g. Operating with management whose policies and practices are detrimental to the Bank and jeopardize the safety of its deposits.
- h. Operating with a board of directors which has failed to provide adequate supervision over and direction to the management of the Bank to prevent unsafe or unsound banking practices
- i. Engaging in hazardous lending and lax collection practices, including, but not limited to:
 - The failure to obtain proper loan documentation;
 - The failure to obtain adequate collateral;

- The failure to establish and monitor collateral margins of secured borrowers;
 - The failure to obtain current and complete financial information; and
 - The failure to establish an adequate loan review program.
- j. Operating with an excessive level of adversely classified assets, delinquent loans, and non-accrual loans;
- k. Operating with inadequate procedures for determining the adequacy of the Bank's allowance for loans and lease losses for the volume, kind, and quality of loans and leases held;
- l. Operating with an inadequate allowance for loans and lease losses for the volume, kind, and quality of loans and leases held;
- m. Operating in a manner which has resulted in inadequate earnings;
- n. Operating with an inadequate level of capital protection for the kind and quality of assets held;
- o. Operating with an inadequate liquidity policy; and
- p. Operating with an inadequate strategic plan.

13. As a result of defendant's wrongful conduct and wrongful actions, Meridian Bank and its shareholders have suffered and will continue to suffer considerable damage.

14. Defendant, singly and in concert with others, engaged in the aforesaid \ conduct which constitutes deceptive, fraudulent, or unfair business practices in violation of the Illinois Consumer Fraud and Deceptive Business Practices Act (815 ILCS 505/1, et seq.) in that the assertions and representations in the sale and purchase of the

shares of stock are inconsistent with the practices set forth by defendant, and are designed to have individual investors, i.e. plaintiff, invest funds with defendant under false pretenses.

15. That defendant's aforesaid conduct constituted a violation of the act.

WHEREFORE, plaintiff, **Ivan Neathery**, individually and as a shareholder of Meridian Bank, respectfully requests judgment against defendant, **Clay Winfield**, individually and as a member of the Board of Directors of Meridian Bank in an amount in excess of fifty thousand (\$50,000.00) dollars, and is awarded punitive and exemplary damages as appropriate plus prejudgment interest, costs of disbursements of this action, including reasonable attorneys', accountants' and experts' fees and costs and for such further relief this Court deems just and proper.

**COUNT IV – VIOLATION OF ILLINOIS CONSUMER FRAUD
AND DECEPTIVE BUSINESS PRACTICES ACT**
(Timothy Keiser)

COMES NOW plaintiff, **Ivan Neathery**, by and through his attorneys, Williams, Caponi, Foley & Eckert, P.C., and for Count IV of his Complaint, against defendant, **Timothy Keiser**, individually and as a member of the Board of Directors of Meridian Bank, states as follows:

1. At all times relevant to this cause of action, plaintiff is and was a resident of Bond County, Illinois, and is a shareholder of Meridian Bank, an Illinois Corporation or Bank that maintained its principal place of business in Edwardsville, Madison County, Illinois.

2. At all times relevant to this cause of action, defendant, **Timothy Keiser**, is a resident of Madison County, Illinois, and regularly and systematically conducts business within Madison County, Illinois.

3. At all times relevant to this cause of action, defendant, **Timothy Keiser**, was and is a Member of the Board of Directors of Meridian Bank, an Illinois Corporation, with its principal place of business in Edwardsville, Madison County, Illinois.

4. At all times relevant to this cause of action, the conduct, actions and agreements of the respective parties herein, occurred in Edwardsville, Madison County, Illinois.

5. Venue is proper in this county under the Illinois Code of Civil Procedure, 735 ILCS § 5/2-101, due to defendant, conducting business in Madison County, Illinois, engaging in business transactions in Madison County, Illinois and availing himself to the laws of Madison County, Illinois.

6. At all times relevant to this cause of action, Meridian Bank is, or was an Illinois chartered bank, that offered banking services to the public at large, and offered to investors shares of stock in exchange for their respective investments.

7. In conjunction with the sale of the shares of stock to the investors, defendant provided fictitious information, including but not limited to the following matters, the financial state of the bank, the lending policies and procedures, the operational policy and procedures.

8. In conjunction with the sale of the shares of stock to the investors, defendant represented to the investor, here plaintiff, that there were and are corporate procedures and by-laws to be followed and certain other safeguards pertaining to the investment.

9. Defendant intended plaintiff and other investors rely on the aforementioned assertions, information and representations in purchasing shares of

stock of Meridian Bank, and that in reliance on the aforesaid, plaintiff did purchase shares of stock from defendant.

10. At all times relevant to this cause of action, and based upon information and belief, defendant engaged in conduct that is, and was, detrimental to Meridian Bank, and its shareholders. Defendants' conduct includes, but is not limited to, the following:

- a. Defendant assisted in having loans extended to himself with corporate officers having knowledge, for the purchase of real estate, with the interest rate set at an amount less than anyone would receive with any other bank;
- b. Defendant assisted in having loans extended to himself with corporate officers having knowledge, pledged security to Meridian Bank for the aforementioned loan, then obtained a new loan from a separate lending institution by pledging the same security, prior to repaying the outstanding loan owed to Meridian bank and without disclosing same to any necessary parties;
- c. Defendant assisted in selling real estate to meridian Bank with corporate officers having knowledge, at more than five (5) times the amount that it was purchased;
- d. Defendant assisted, encouraged and in having loans extended to himself with corporate officers having knowledge, willfully and intentionally withheld or refused to inform the stockholders of the aforementioned conduct;

- e. With knowledge of the wrongful and intentional conduct, Defendant assisted in having loans extended to himself with corporate officers having knowledge, directors, Winfield and Keiser, with Bank President Rensch having knowledge, sold Meridian Bank stock to unsuspecting public at a profit, in order to continue to engage in the courses of conduct described herein;
- g. Directors, Winfield and Keiser, with Bank President Rensch having knowledge, refused and willfully failed to follow corporate procedures and by-laws;
- h. Operating with management whose policies and practices are detrimental to the Bank and jeopardize the safety of its deposits;
- i. Operating with a board of directors which has failed to provide adequate supervision over and direction to the management of the Bank to prevent unsafe or unsound banking practices;
- j. Engaging in hazardous lending and lax collection practices, including, but not limited to:
 - The failure to obtain proper loan documentation;
 - The failure to obtain adequate collateral;
 - The failure to establish and monitor collateral margins of secured borrowers;
 - The failure to obtain current and complete financial information; and
 - The failure to establish an adequate loan review program.

- k. Operating with an excessive level of adversely classified assets, delinquent loans, and non-accrual loans;
- l. Operating with inadequate procedures for determining the adequacy of the Bank's allowance for loans and lease losses for the volume, kind, and quality of loans and leases held;
- m. Operating with an inadequate allowance for loans and lease losses for the volume, kind, and quality of loans and leases held;
- n. Operating in a manner which has resulted in inadequate earnings;
- o. Operating with an inadequate level of capital protection for the kind and quality of assets held;
- p. Operating with an inadequate liquidity policy; and
- q. Operating with an inadequate strategic plan.

11. As a result of the aforementioned conduct on the part of defendant, Meridian Bank was, and is closed by Federal Regulators and the individual stockholders or shareholders are damages and harmed as a result of same.

12. Defendant has been responsible for the gross mismanagement of Meridian Bank in connection with its lending practices, its use of corporate assets and its purchase practices. Defendant abdicated his corporate responsibilities by mismanaging Meridian Bank in at least the following ways:

- a. Caused Meridian Bank to extend loans to the directors, for the purchase of real estate, with the interest rate set at an amount less than they would receive with any other bank;
- b. Caused Meridian Bank to extend loans to the directors without adequate security;

- c. Caused Meridian Bank to extend loans to the directors by fraudulently pledging security;
- d. Fraudulently pledged certain assets as security for loans to be extended to the director defendants, knowing that the assets to be pledged were, or are fictitious;
- e. Caused Meridian Bank to purchase property or real estate from the defendant directors, with the defendant officer having knowledge, at an amount that was fictitiously set at more than five (5) times the amount that it was purchased, or fair market value;
- f. Director defendants and the officer defendant abused their respective positions and inside information and engaged in conduct that benefited them on an individual and personal basis to the detriment of Meridian Bank;
- g. Operating with management whose policies and practices are detrimental to the Bank and jeopardize the safety of its deposits.
- h. Operating with a board of directors which has failed to provide adequate supervision over and direction to the management of the Bank to prevent unsafe or unsound banking practices
- i. Engaging in hazardous lending and lax collection practices, including, but not limited to:
 - The failure to obtain proper loan documentation;
 - The failure to obtain adequate collateral;
 - The failure to establish and monitor collateral margins of secured borrowers;

- The failure to obtain current and complete financial information; and
 - The failure to establish an adequate loan review program.
- j. Operating with an excessive level of adversely classified assets, delinquent loans, and non-accrual loans;
 - k. Operating with inadequate procedures for determining the adequacy of the Bank's allowance for loans and lease losses for the volume, kind, and quality of loans and leases held;
 - l. Operating with an inadequate allowance for loans and lease losses for the volume, kind, and quality of loans and leases held;
 - m. Operating in a manner which has resulted in inadequate earnings;
 - n. Operating with an inadequate level of capital protection for the kind and quality of assets held;
 - o. Operating with an inadequate liquidity policy; and
 - p. Operating with an inadequate strategic plan.

13. As a result of defendant's wrongful conduct and wrongful actions, Meridian Bank and its shareholders have suffered and will continue to suffer considerable damage.

14. Defendant, singly and in concert with others, engaged in the aforesaid \ conduct which constitutes deceptive, fraudulent, or unfair business practices in violation of the Illinois Consumer Fraud and Deceptive Business Practices Act (815 ILCS 505/1, et seq.) in that the assertions and representations in the sale and purchase of the shares of stock are inconsistent with the practices set forth by defendant, and are

designed to have individual investors, i.e. plaintiff, invest funds with defendant under false pretenses.

15. That defendant's aforesaid conduct constituted a violation of the act.

WHEREFORE, plaintiff, **Ivan Neathery**, individually and as a shareholder of Meridian Bank, respectfully requests judgment against defendant, **Timothy Keiser**, individually and as a member of the Board of Directors of Meridian Bank in an amount in excess of fifty thousand (\$50,000.00) dollars, and is awarded punitive and exemplary damages as appropriate plus prejudgment interest, costs of disbursements of this action, including reasonable attorneys', accountants' and experts' fees and costs and for such further relief this Court deems just and proper.

**COUNT V – VIOLATION OF ILLINOIS CONSUMER FRAUD
AND DECEPTIVE BUSINESS PRACTICES ACT**
(Brad Rench)

COMES NOW plaintiff, **Ivan Neathery**, by and through his attorneys, Williams, Caponi, Foley & Eckert, P.C., and for Count V of his Complaint, against defendant, **Brad Rench**, individually and as a member of the Board of Directors of Meridian Bank, states as follows:

1. At all times relevant to this cause of action, plaintiff is and was a resident of Bond County, Illinois, and is a shareholder of Meridian Bank, an Illinois Corporation or Bank that maintained its principal place of business in Edwardsville, Madison County, Illinois.

2. At all times relevant to this cause of action, defendant, **Brad Rench**, is a resident of Madison County, Illinois, and regularly and systematically conducts business within Madison County, Illinois.

3. At all times relevant to this cause of action, defendant, **Brad Rench**, was and is the President of Meridian Bank, an Illinois Corporation, with its principal place of business in Edwardsville, Madison County, Illinois.

4. At all times relevant to this cause of action, the conduct, actions and agreements of the respective parties herein, occurred in Edwardsville, Madison County, Illinois.

5. Venue is proper in this county under the Illinois Code of Civil Procedure, 735 ILCS § 5/2-101, due to defendant, conducting business in Madison County, Illinois, engaging in business transactions in Madison County, Illinois and availing himself to the laws of Madison County, Illinois.

6. At all times relevant to this cause of action, Meridian Bank is, or was an Illinois chartered bank, that offered banking services to the public at large, and offered to investors shares of stock in exchange for their respective investments.

7. In conjunction with the sale of the shares of stock to the investors, defendant provided fictitious information, including but not limited to the following matters, the financial state of the bank, the lending policies and procedures, the operational policy and procedures.

8. In conjunction with the sale of the shares of stock to the investors, defendant represented to the investor, here plaintiff, that there were and are corporate procedures and by-laws to be followed and certain other safeguards pertaining to the investment.

9. Defendant intended plaintiff and other investors rely on the aforementioned assertions, information and representations in purchasing shares of

stock of Meridian Bank, and that in reliance on the aforesaid, plaintiff did purchase shares of stock from defendant.

10. At all times relevant to this cause of action, and based upon information and belief, defendant engaged in conduct that is, and was, detrimental to Meridian Bank, and its shareholders. Defendants' conduct includes, but is not limited to, the following:

- a. Defendant assisted in having loans extended to himself with corporate officers having knowledge, for the purchase of real estate, with the interest rate set at an amount less than anyone would receive with any other bank;
- b. Defendant assisted in having loans extended to himself with corporate officers having knowledge, pledged security to Meridian Bank for the aforementioned loan, then obtained a new loan from a separate lending institution by pledging the same security, prior to repaying the outstanding loan owed to Meridian bank and without disclosing same to any necessary parties;
- c. Defendant assisted in selling real estate to meridian Bank with corporate officers having knowledge, at more than five (5) times the amount that it was purchased;
- d. Defendant assisted, encouraged and in having loans extended to himself with corporate officers having knowledge, willfully and intentionally withheld or refused to inform the stockholders of the aforementioned conduct;

- e. With knowledge of the wrongful and intentional conduct, Defendant assisted in having loans extended to himself with corporate officers having knowledge, directors, Winfield and Keiser, with Bank President Rench having knowledge, sold Meridian Bank stock to unsuspecting public at a profit, in order to continue to engage in the courses of conduct described herein;
- g. Directors, Winfield and Keiser, with Bank President Rench having knowledge, refused and willfully failed to follow corporate procedures and by-laws;
- h. Operating with management whose policies and practices are detrimental to the Bank and jeopardize the safety of its deposits;
- i. Operating with a board of directors which has failed to provide adequate supervision over and direction to the management of the Bank to prevent unsafe or unsound banking practices;
- j. Engaging in hazardous lending and lax collection practices, including, but not limited to:
 - The failure to obtain proper loan documentation;
 - The failure to obtain adequate collateral;
 - The failure to establish and monitor collateral margins of secured borrowers;
 - The failure to obtain current and complete financial information; and
 - The failure to establish an adequate loan review program.

- k. Operating with an excessive level of adversely classified assets, delinquent loans, and non-accrual loans;
- l. Operating with inadequate procedures for determining the adequacy of the Bank's allowance for loans and lease losses for the volume, kind, and quality of loans and leases held;
- m. Operating with an inadequate allowance for loans and lease losses for the volume, kind, and quality of loans and leases held;
- n. Operating in a manner which has resulted in inadequate earnings;
- o. Operating with an inadequate level of capital protection for the kind and quality of assets held;
- p. Operating with an inadequate liquidity policy; and
- q. Operating with an inadequate strategic plan.

11. As a result of the aforementioned conduct on the part of defendant, Meridian Bank was, and is closed by Federal Regulators and the individual stockholders or shareholders are damages and harmed as a result of same.

12. Defendant has been responsible for the gross mismanagement of Meridian Bank in connection with its lending practices, its use of corporate assets and its purchase practices. Defendant abdicated his corporate responsibilities by mismanaging Meridian Bank in at least the following ways:

- a. Caused Meridian Bank to extend loans to the directors, for the purchase of real estate, with the interest rate set at an amount less than they would receive with any other bank;
- b. Caused Meridian Bank to extend loans to the directors without adequate security;

- c. Caused Meridian Bank to extend loans to the directors by fraudulently pledging security;
- d. Fraudulently pledged certain assets as security for loans to be extended to the director defendants, knowing that the assets to be pledged were, or are fictitious;
- e. Caused Meridian Bank to purchase property or real estate from the defendant directors, with the defendant officer having knowledge, at an amount that was fictitiously set at more than five (5) times the amount that it was purchased, or fair market value;
- f. Director defendants and the officer defendant abused their respective positions and inside information and engaged in conduct that benefited them on an individual and personal basis to the detriment of Meridian Bank;
- g. Operating with management whose policies and practices are detrimental to the Bank and jeopardize the safety of its deposits.
- h. Operating with a board of directors which has failed to provide adequate supervision over and direction to the management of the Bank to prevent unsafe or unsound banking practices
- i. Engaging in hazardous lending and lax collection practices, including, but not limited to:
 - The failure to obtain proper loan documentation;
 - The failure to obtain adequate collateral;
 - The failure to establish and monitor collateral margins of secured borrowers;

- The failure to obtain current and complete financial information; and
 - The failure to establish an adequate loan review program.
- j. Operating with an excessive level of adversely classified assets, delinquent loans, and non-accrual loans;
 - k. Operating with inadequate procedures for determining the adequacy of the Bank's allowance for loans and lease losses for the volume, kind, and quality of loans and leases held;
 - l. Operating with an inadequate allowance for loans and lease losses for the volume, kind, and quality of loans and leases held;
 - m. Operating in a manner which has resulted in inadequate earnings;
 - n. Operating with an inadequate level of capital protection for the kind and quality of assets held;
 - o. Operating with an inadequate liquidity policy; and
 - p. Operating with an inadequate strategic plan.

13. As a result of defendant's wrongful conduct and wrongful actions, Meridian Bank and its shareholders have suffered and will continue to suffer considerable damage.

14. Defendant, singly and in concert with others, engaged in the aforesaid conduct which constitutes deceptive, fraudulent, or unfair business practices in violation of the Illinois Consumer Fraud and Deceptive Business Practices Act (815 ILCS 505/1, et seq.) in that the assertions and representations in the sale and purchase of the shares of stock are inconsistent with the practices set forth by defendant, and are

designed to have individual investors, i.e. plaintiff, invest funds with defendant under false pretenses.

15. That defendant's aforesaid conduct constituted a violation of the act.

WHEREFORE, plaintiff, **Ivan Neathery**, individually and as a shareholder of Meridian Bank, respectfully requests judgment against defendant, **Brad Rench**, individually and as a member of the Board of Directors of Meridian Bank in an amount in excess of fifty thousand (\$50,000.00) dollars, and is awarded punitive and exemplary damages as appropriate plus prejudgment interest, costs of disbursements of this action, including reasonable attorneys', accountants' and experts' fees and costs and for such further relief this Court deems just and proper.

COUNT VI- CIVIL CONSPIRACY

COMES NOW plaintiff, **Ivan Neathery**, by and through his attorneys, Williams, Caponi, Foley & Eckert, P.C., and for Count VI of his Complaint, alleges on personal knowledge as to his own acts, and on information and belief as to all other matters, against defendants, **Clay Winfield**, individually and as a member of the Board of Directors of Meridian Bank, **Timothy Kelsner**, individually and as a member of the Board of Directors of Meridian Bank, **Brad Rench**, individually and as the President of Meridian Bank, and **Meridian Bank**, an Illinois Corporation, states as follows:

1. At all times relevant to this cause of action, plaintiff is and was a resident of Bond County, Illinois, and is a shareholder of Meridian Bank, an Illinois Corporation or Bank that maintained its principal place of business in Edwardsville, Madison County, Illinois.

2. At all times relevant to this cause of action, defendant, **Clay Winfield**, is a resident of the state of Florida, and regularly and systematically conducts business within Madison County, Illinois.

3. At all times relevant to this cause of action, defendant, **Timothy Keiser**, is a resident of Madison County, Illinois, and regularly and systematically conducts business within Madison County, Illinois.

4. At all times relevant to this cause of action, defendant, **Brad Rench**, is a resident of Madison County, Illinois, and regularly and systematically conducts business within Madison County, Illinois.

5. At all times relevant to this cause of action, defendants, identified below, are officers and/or directors of Meridian Bank, and held positions with Meridian Bank, as indicated:

Defendant - **Clay Winfield**, director - Board of Directors;

Defendant - **Timothy Keiser**, director - Board of Directors; and

Defendant - **Brad Rench**, officer - President.

6. At all times relevant to this cause of action, the conduct, actions and agreements of the respective parties herein, occurred in Edwardsville, Madison County, Illinois.

7. Venue is proper in this county under the Illinois Code of Civil Procedure, 735 ILCS § 5/2-101, due to defendant, conducting business in Madison County, Illinois, engaging in business transactions in Madison County, Illinois and availing himself to the laws of Madison County, Illinois.

8. At all times relevant to this cause of action, Meridian Bank is, or was an Illinois chartered bank, that offered banking services to the public at large, and offered to investors shares of stock in exchange for their respective investments.

9. In conjunction with the sale of the shares of stock to the investors, defendant provided fictitious information, including but not limited to the following matters, the financial state of the bank, the lending policies and procedures, the operational policy and procedures.

10. In conjunction with the sale of the shares of stock to the investors, defendant represented to the investor, here plaintiff, that there were and are corporate procedures and by-laws to be followed and certain other safeguards pertaining to the investment.

11. Defendant intended plaintiff and other investors rely on the aforementioned assertions, information and representations in purchasing shares of stock of Meridian Bank, and that in reliance on the aforesaid, plaintiff did purchase shares of stock from defendant.

12. At all times relevant to this cause of action, and based upon information and belief, defendant engaged in conduct that is, and was, detrimental to Meridian Bank, and its shareholders. Defendants' conduct includes, but is not limited to, the following:

- a. Defendant assisted in having loans extended to himself with corporate officers having knowledge, for the purchase of real estate, with the interest rate set at an amount less than anyone would receive with any other bank;

- b. Defendant assisted in having loans extended to himself with corporate officers having knowledge, pledged security to Meridian Bank for the aforementioned loan, then obtained a new loan from a separate lending institution by pledging the same security, prior to repaying the outstanding loan owed to Meridian bank and without disclosing same to any necessary parties;
- c. Defendant assisted in selling real estate to meridian Bank with corporate officers having knowledge, at more than five (5) times the amount that it was purchased;
- d. Defendant assisted, encouraged and in having loans extended to himself with corporate officers having knowledge, willfully and intentionally withheld or refused to inform the stockholders of the aforementioned conduct;
- e. With knowledge of the wrongful and intentional conduct, Defendant assisted in having loans extended to himself with corporate officers having knowledge, directors, Winfield and Keiser, with Bank President Rench having knowledge, sold Meridian Bank stock to unsuspecting public at a profit, in order to continue to engage in the courses of conduct described herein;
- g. Directors, Winfield and Keiser, with Bank President Rench having knowledge, refused and willfully failed to follow corporate procedures and by-laws;
- h. Operating with management whose policies and practices are detrimental to the Bank and jeopardize the safety of its deposits;

- i. Operating with a board of directors which has failed to provide adequate supervision over and direction to the management of the Bank to prevent unsafe or unsound banking practices;
- j. Engaging in hazardous lending and lax collection practices, including, but not limited to:
 - The failure to obtain proper loan documentation;
 - The failure to obtain adequate collateral;
 - The failure to establish and monitor collateral margins of secured borrowers;
 - The failure to obtain current and complete financial information; and
 - The failure to establish an adequate loan review program.
- k. Operating with an excessive level of adversely classified assets, delinquent loans, and non-accrual loans;
- l. Operating with inadequate procedures for determining the adequacy of the Bank's allowance for loans and lease losses for the volume, kind, and quality of loans and leases held;
- m. Operating with an inadequate allowance for loans and lease losses for the volume, kind, and quality of loans and leases held;
- n. Operating in a manner which has resulted in inadequate earnings;
- o. Operating with an inadequate level of capital protection for the kind and quality of assets held;
- p. Operating with an inadequate liquidity policy; and
- q. Operating with an inadequate strategic plan.

13. As a result of the aforementioned conduct on the part of defendant, Meridian Bank was, and is closed by Federal Regulators and the individual stockholders or shareholders are damages and harmed as a result of same.

14. Defendant has been responsible for the gross mismanagement of Meridian Bank in connection with its lending practices, its use of corporate assets and its purchase practices. Defendant abdicated his corporate responsibilities by mismanaging Meridian Bank in at least the following ways:

- a. Caused Meridian Bank to extend loans to the directors, for the purchase of real estate, with the interest rate set at an amount less than they would receive with any other bank;
- b. Caused Meridian Bank to extend loans to the directors without adequate security;
- c. Caused Meridian Bank to extend loans to the directors by fraudulently pledging security;
- d. Fraudulently pledged certain assets as security for loans to be extended to the director defendants, knowing that the assets to be pledged were, or are fictitious;
- e. Caused Meridian Bank to purchase property or real estate from the defendant directors, with the defendant officer having knowledge, at an amount that was fictitiously set at more than five (5) times the amount that it was purchased, or fair market value;
- f. Director defendants and the officer defendant abused their respective positions and inside information and engaged in

conduct that benefited them on an individual and personal basis to the detriment of Meridian Bank;

- g. Operating with management whose policies and practices are detrimental to the Bank and jeopardize the safety of its deposits;
- h. Operating with a board of directors which has failed to provide adequate supervision over and direction to the management of the Bank to prevent unsafe or unsound banking practices;
- i. Engaging in hazardous lending and lax collection practices, including, but not limited to:
 - The failure to obtain proper loan documentation;
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 - The failure to establish an adequate loan review program.
- j. Operating with an excessive level of adversely classified assets, delinquent loans, and non-accrual loans;
- k. Operating with inadequate procedures for determining the adequacy of the Bank's allowance for loans and lease losses for the volume, kind, and quality of loans and leases held;
- l. Operating with an inadequate allowance for loans and lease losses for the volume, kind, and quality of loans and leases held;
- m. Operating in a manner which has resulted in inadequate earnings;

- n. Operating with an inadequate level of capital protection for the kind and quality of assets held;
- o. Operating with an inadequate liquidity policy; and
- p. Operating with an inadequate strategic plan.

13. As a result of defendant's wrongful conduct and wrongful actions, Meridian Bank and its shareholders have suffered and will continue to suffer considerable damage.

14. Defendants, singly and in concert with each other, engaged in the aforesaid conduct which constitutes deceptive, fraudulent, or unfair business practices in violation of the Illinois Consumer Fraud and Deceptive Business Practices Act (815 ILCS 505/1, et seq.) in that the assertions and representations in the sale and purchase of the shares of stock are inconsistent with the practices set forth by defendant, and are designed to have individual investors, i.e. plaintiff, invest funds with defendant under false pretenses.

15. That defendant's aforesaid conduct constituted a violation of the act.

WHEREFORE, plaintiff, **Ivan Neathery**, individually and as a shareholder of Meridian Bank, respectfully requests judgment, against defendants, **Clay Winfield**, individually and as a member of the Board of Directors of Meridian Bank, **Timothy Keiser**, individually and as a member of the Board of Directors of Meridian Bank, and **Brad Rench**, individually and as the President of Meridian Bank, for restitution and/or damages in favor of plaintiff in an amount in excess of fifty thousand (\$50,000.00) dollars, and is awarded punitive and exemplary damages as appropriate plus prejudgment interest, costs of disbursements of this action, including reasonable

attorneys', accountants' and experts' fees and costs and for such further relief this
Court deems just and proper.

By:



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