

FEDERAL DEPOSIT INSURANCE CORPORATION

WASHINGTON, D.C.

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In the Matter of:	)	
JOSEPH TODD FOSTER, individually,	)	NOTICE OF INTENTION TO PROHIBIT
and as an institution-affiliated	)	FROM FURTHER PARTICIPATION,
party of	)	FINDINGS OF FACT AND
INTEGRITY BANK	)	CONCLUSIONS OF LAW, AND NOTICE
ALPHARETTA, GEORGIA	)	OF HEARING
(IN RECEIVERSHIP)	)	FDIC-10-356e
_____	)	

The Federal Deposit Insurance Corporation (FDIC), has determined that JOSEPH TODD FOSTER (Respondent), as an institution-affiliated party of Integrity Bank, Alpharetta, Georgia (Bank), has directly or indirectly participated or engaged in violations of law, unsafe or unsound banking practices, and/or acts, omissions or practices, which constitute breaches of his fiduciary duty as an officer and director of the Bank; that the Bank has suffered financial loss or other damage, that the interests of its depositors have been prejudiced or could be prejudiced and/or that the Respondent has received financial gain or other benefit by reason of such violations, practices and/or breaches of fiduciary duty; and that such violations, practices and/or breaches of fiduciary duty demonstrate the Respondent's personal dishonesty and/or his willful or continuing disregard for the safety or soundness of the Bank. The FDIC, therefore, institutes this proceeding under the provisions of section 8(e) of the Federal Deposit Insurance Act (Act), 12 U.S.C. § 1818(e), for the purpose of prohibiting the Respondent from further participation in the conduct of the affairs of the Bank, and any other insured depository institution or organization listed in section 8(e)(7)(A) of the Act, 12 U.S.C. § 1818(e)(7)(A), without the prior written

approval of the FDIC and such other appropriate Federal financial institutions regulatory agency, as that term is defined in section 8(e)(7)(D) of the Act, 12 U.S.C. § 1818(e)(7)(D).

The FDIC hereby issues this Notice of Intention to Prohibit from Further Participation (Notice) pursuant to section 8(e) of the Act, 12 U.S.C. § 1818(e), and the FDIC Rules of Practice and Procedure, 12 C.F.R. Part 308, and alleges as follows:

FINDINGS OF FACT AND CONCLUSIONS OF LAW

1. At all times pertinent to this proceeding, the Bank was a corporation existing and doing business under the laws of the State of Georgia, having its principal place of business at Alpharetta, Georgia. The Bank was at all times pertinent to this proceeding, an insured State nonmember bank, subject to the Act, 12 U.S.C. §§ 1811-1831aa, the Rules and Regulations of the FDIC, 12 C.F.R. Chapter III; and the laws of the State of Georgia.

2. On August 29, 2008, the Georgia Department of Banking and Finance closed the Bank and appointed the FDIC as its receiver.

3. On or about October 2003, the Respondent was a senior vice president for risk management of the Bank, and continued to serve in that capacity throughout all times pertinent to the charges herein.

4. At all times pertinent to the charges herein, the Respondent has been an "institution-affiliated party" as that term is defined in section 3(u) of the Act, 12 U.S.C. § 1813(u), and for purposes of sections 8(e)(7), 8(i) and 8(j) of the Act, 12 U.S.C. §§ 1818(e)(7), 1818(i) and 1818(j).

5. The FDIC has jurisdiction over the Bank, the Respondent, and the subject matter of this proceeding.

6. At all times pertinent to the charges herein, the Bank was a wholly-owned

subsidiary of Integrity Bancshares, Inc. (IBI), a publicly-traded company registered with the U.S. Securities and Exchange Commission.

7. At all times pertinent to the charges herein, the Respondent knew non-public material facts relating to certain risks facing the Bank relating to the outstanding \$82.7 million-dollar indebtedness of Bank customer, Guy Mitchell (Mitchell), and his affiliated companies to the Bank.

8. For example, on or about August 2006, Respondent learned that the Bank had loaned an additional \$20 million to Mitchell to help prevent Mitchell's business from imminent collapse and to prevent him from defaulting on his loans. In addition, on another approximately \$30 million Mitchell loan, Respondent misrepresented to Bank management that 90 percent of the renovation work on the collateral securing this loan had been completed when, in fact, no renovation work had been done.

9. The public was not generally aware of the material facts described above regarding Mitchell's indebtedness to the Bank.

10. Based on the foregoing inside knowledge that he acquired in his position as an institution-affiliated party of the Bank, Respondent, by use of the means and instrumentalities of interstate commerce, the mails and the facilities of national securities exchanges, sold and attempted to sell the vast majority of his holdings in the stock IBI. For example, on or about August 23, 2006, Respondent exercised options to buy approximately 10,000 shares of IBI stock and then immediately sold the stock.

11. Additionally, on or about August 29, 2006, Respondent sold 20,000 shares of IBI stock. Respondent engaged in these sales of IBI stock while in possession of, and with the intent to defraud IBI and its shareholders, and to capitalize on, material non-public adverse information

about the Bank, including the facts surrounding the Mitchell loan relationship described above.

12. Respondent received personal financial gain from the sale of the IBI stock as he received proceeds exceeding \$350,000.

13. Respondent's purchase and sale of IBI stock, as set forth above, constituted violations of law. Specifically, violations of 15 U.S.C. §§ 78j(b) and 78ff; 17 C.F.R. § 240.10b-5, and 18 U.S.C. § 2.

14. Respondent pled guilty on July 6, 2010, to one count of securities fraud in violation of 15 U.S.C. §§ 78j(b) and 78ff, as well as 17 C.F.R. § 240.10b-5 and 18 U.S.C. § 2 in the United States District Court for the Northern District of Georgia, in Case # 1:10-cr-00168-JEC-LTW-2.

15. Further, as a result of the Respondent's foregoing acts, omissions and/or practices, the Respondent has engaged and/or participated in unsafe or unsound banking practices in connection with the Bank.

16. Further, as a result of the Respondent's foregoing acts, omissions and/or practices, the Respondent has breached his fiduciary duty as an officer and/or director of the Bank.

17. As a result of the violation(s), practice(s) or breach(es), as specified in paragraphs 6-16 above, Respondent has received financial gain or other benefit.

18. The acts, omissions and/or practices of the Respondent, as set forth in paragraph(s) 6-16 above, demonstrate a willful or continuing disregard for the safety or soundness of the Bank and/or evidence the Respondent's personal dishonesty.

### **NOTICE OF HEARING**

If Respondent requests a hearing with respect to the charges alleged in this Notice, the hearing shall commence sixty (60) days from the date of service of this Notice upon the

Respondent, or on such date as may be set by the Administrative Law Judge assigned to hear this matter at Alpharetta, Georgia, or at such other place as the parties to this proceeding and the Administrative Law Judge may agree. The purpose of the hearing will be for taking evidence on the charges, the findings and conclusions stated herein in order to determine whether a permanent order should be issued to prohibit the Respondent from further participation in the conduct of the affairs of any insured depository institution or organization enumerated in section 8(e)(7)(A) of the Act, 12 U.S.C. § 1818(e)(7)(A), without the prior permission of the FDIC and the appropriate Federal financial institutions regulatory agency, as that term is defined in section 8(e)(7)(D) of the Act, 12 U.S.C. § 1818(e)(7)(D).

The hearing will be public, and in all respects conducted in accordance with the provisions of the Act, 12 U.S.C. §§ 1811-1831aa, the Administrative Procedure Act, 5 U.S.C. §§ 551-559, and the FDIC Rules of Practice and Procedure, 12 C.F.R. Part 308. The hearing will be held before an Administrative Law Judge to be appointed by the Office of Financial Institution Adjudication pursuant to 5 U.S.C. § 3105. The exact time and precise location of the hearing will be determined by the Administrative Law Judge.

In the event Respondent requests a hearing, Respondent is hereby directed to file an answer to the Notice within twenty (20) days from the date of service, as provided by section 308.19 of the FDIC Rules of Practice and Procedure, 12 C.F.R. § 308.19. An original and one copy of all papers filed in this proceeding shall be served upon the Office of Financial Institution Adjudication, 3501 N. Fairfax Drive, Suite VS-D8116, Arlington, VA 22226-3500, pursuant to section 308.10 of the FDIC Rules of Practice and Procedure, 12 C.F.R. § 308.10. Respondent is encouraged to file any answer and request for a hearing electronically with the Office of Financial Institution Adjudication at [ofia@fdic.gov](mailto:ofia@fdic.gov). Copies of all papers filed in this proceeding

shall be served upon the Executive Secretary Section, Federal Deposit Insurance Corporation, 550 17th Street, N.W., Washington, D.C. 20429; A. T. Dill, III, Assistant General Counsel, Supervision Branch, Federal Deposit Insurance Corporation, 550 17th Street, N.W., Washington, D.C. 20429; and Stephen C. Zachary, Regional Counsel, Federal Deposit Insurance Corporation, 1601 Bryan Street, Dallas, Texas, 75201.

Pursuant to delegated authority.

Dated at Washington, D.C., this 19<sup>TH</sup> day of August 2011.

/s/  
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Serena L. Owens  
Associate Director  
Division of Risk Management Supervision