

UNITED STATES OF AMERICA
BEFORE THE
BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM
WASHINGTON, D.C.

In the Matter of

WINTRUST FINANCIAL CORPORATION
Rosemont, Illinois

Docket No. 19-006-CMP-HC

Order of Assessment of a Civil
Money Penalty Issued Upon Consent
Pursuant to the Federal Deposit
Insurance Act, as Amended

WHEREAS, Wintrust Financial Corporation (“Wintrust” or “the Bank”) is a registered bank holding company as defined in the Bank Holding Company Act (12 U.S.C. § 1841 *et seq.*) that owns and controls Hinsdale Bank & Trust (“Hinsdale”), a state-member bank, and multiple other insured depository institutions;

WHEREAS, the Board of Governors of the Federal Reserve System (the “Board of Governors”) is the appropriate federal banking agency supervisor of Wintrust;

WHEREAS, Wintrust oversees compliance, risk management, and audit procedures for entities within the Wintrust organization;

WHEREAS, since at least 2008, Wintrust’s Internal Audit was aware that Hinsdale’s then-CFO failed to perform a daily reconciliation of a loan-related general ledger account and that the account carried an unreconciled balance of over \$2 million. Wintrust failed to investigate or address the unreconciled balance until March 2015, at which time it identified and reported the issue;

WHEREAS, from approximately 2010 through 2015, Wintrust suffered from other internal control deficiencies, including a failure to supervise staff, a lack of segregation of duties,

and a lack of written policies and procedures, which permitted Hinsdale's then-CFO to engage in improper accounting practices in an attempt to conceal the unreconciled balance until March 2015;

WHEREAS, these internal control deficiencies caused a \$2.7 million loss to Wintrust;

WHEREAS, to address the internal control deficiencies described above, Wintrust has implemented additional improvements in its internal controls and audit programs in order to comply with Bank-wide policies, safe and sound banking practices, and applicable U.S. laws, rules, and regulations;

WHEREAS, the internal control deficiencies set forth above represent or resulted in unsafe or unsound practices and warrant the assessment of a civil money penalty against Wintrust pursuant to section 8(i)(2)(B) of the Federal Deposit Insurance Act, as amended (the "FDI Act") (12 U.S.C. § 1818(i)(2)(B));

WHEREAS, the Board of Governors, the Federal Reserve Bank of Chicago, and Wintrust have the common goal to ensure that Wintrust conducts its activities in a safe and sound manner and complies with U.S. laws, rules, and regulations that apply to the activities of the Bank, and that Wintrust fosters a strong Bank-wide commitment towards compliance;

WHEREAS the Board of Governors is issuing this Consent Order of Assessment of a Civil Money Penalty (the "Order");

WHEREAS, pursuant to delegated authority, Kathleen M. Boege, Executive Vice President, General Counsel, and Corporate Secretary is authorized to enter into this Order on behalf of Wintrust and consent to compliance with each and every provision of this Order by Wintrust and to waive any and all rights that Wintrust may have pursuant to section 8 of the FDI Act (12 U.S.C. § 1818), including, but not limited to: (i) the issuance of a notice of charges on any matters set forth in this Order; (ii) a hearing for the purpose of taking evidence on any matters

set forth in this Order; (iii) judicial review of this Order; and (iv) challenge or contest, in any manner, the basis, issuance, validity, terms, effectiveness or enforceability of the 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 issues of fact or law herein, and solely for the purpose of settling this matter without a formal proceeding being filed and without the necessity for protracted or extended hearings or testimony, it is hereby ordered, pursuant to section 8(i)(2) of the FDI Act (12 U.S.C. § 1818(i)(2)), that:

Assessment of Civil Money Penalty

1. The Board of Governors hereby assesses against Wintrust a civil money penalty in the amount of \$1,012,500. The civil money penalty shall be remitted at the time of execution of this Order by Fedwire transfer of immediately available funds to the Federal Reserve Bank of Richmond, ABA No. 051000033, beneficiary, Board of Governors of the Federal Reserve System. The Federal Reserve Bank of Richmond, on behalf of the Board of Governors, shall distribute this sum to the U.S. Department of the Treasury, pursuant to section 8(i) of the FDI Act (12 U.S.C. § 1818(i)). This penalty is a penalty paid to a government agency for a violation of law for purposes of 26 U.S.C. § 162(f) and 26 C.F.R. § 1.162-21.

Notices

2. All communications regarding this Order shall be sent to:
 - a. Richard M. Ashton, Esq.
Deputy General Counsel
Patrick M. Bryan, Esq.
Assistant General Counsel
Board of Governors of the Federal Reserve System
20th & C Street, N.W.
Washington, D.C. 20551

- b. Kathleen M. Boege
Executive Vice President, General Counsel, and Corporate Secretary
Wintrust Financial Corporation
9700 West Higgins Road
Suite 800
Rosemont, IL 60018

With a copy to:

- c. Anand S. Raman, Esq.
Skadden, Arps, Slate, Meagher & Flom LLP
1440 New York Avenue, N.W.
Washington, DC 20005

Miscellaneous

3. Except as otherwise provided in this paragraph, the Board of Governors hereby agrees not to initiate any further enforcement actions, including for civil money penalties, against Wintrust, and its affiliates, successors, and assigns, with respect to the conduct described in the WHEREAS clauses of this Order to the extent known by the Board of Governors as of the effective date of this Order. This release and discharge shall not preclude or affect: (i) any right of the Board of Governors to determine and ensure compliance with this Order, (ii) any proceedings brought by the Board of Governors to enforce the terms of this Order, or (iii) any proceedings brought by the Board of Governors against individuals who are or were institution-affiliated parties of Wintrust.

4. Except as provided in paragraph 3, the provisions of this Order shall not bar, estop, or otherwise prevent the Board of Governors, the Federal Reserve Bank of Chicago, or any other federal or state agency from taking any other action affecting Wintrust, any subsidiary thereof, or any of its current or former institution-affiliated parties and their successors and assigns.

5. Nothing in this Order, express or implied, shall give any person or entity, other than the parties hereto and their successors hereunder, any legal or equitable right, remedy or claim under this Order.

