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**BEFORE THE DIRECTOR OF THE DEPARTMENT OF FINANCE  
OF THE STATE OF IDAHO**

STATE OF IDAHO, DEPARTMENT OF	)	
FINANCE, FINANCIAL INSTITUTIONS	)	
BUREAU,	)	Docket No. 2011-3-02
	)	
Complainant,	)	
	)	<b>CONSENT ORDER</b>
vs.	)	
	)	
DEANNE M. COTTLE,	)	
	)	
Respondent.	)	
_____	)	

The Director of the State of Idaho, Department of Finance (Director) has conducted a review of the activities and conduct of DEANNE M. COTTLE (Respondent). Pursuant to said review, it appears to the Director that Respondent has violated provisions of the Idaho Financial Fraud Prevention Act, Idaho Code § 67-2750 *et seq.* The Director and Respondent have agreed to resolve such matter through this Consent Order, rather than through a formal administrative or civil action. Therefore, the Director deems it appropriate and in the public interest that this Consent Order be entered. Respondent voluntarily consents to the entry of this Consent Order.

## FACTS

1. At all times relevant hereto, Respondent, DEANNE M. COTTLE, was a resident of the state of Idaho and an employee of The Bank of Commerce (the Bank) located at 3113 S. 25<sup>th</sup> East, Idaho Falls, Idaho 83406.

2. Respondent began her employment with the Bank in 1978. Respondent's employment with the Bank terminated on or about September 12, 2011.

3. At the time her employment was terminated with the Bank, Respondent served as Senior Vice President. As a Senior Vice President for the Bank, Respondent directed the Bank's human resources functions, and she supervised other employees and bank functions.

4. As the Bank's Human Resources Director, Respondent had access to checks the Bank received from insurance companies. The checks were made payable to the Bank and generally represented refunds and reimbursements to the Bank for medical expenses it paid when a Bank employee's medical expenses for the year exceeded the Bank's liability for those amounts. Respondent had no authorization from the Bank to personally receive the funds represented by the insurance checks or to convert those funds for her personal use.

5. Beginning in or about January of 2009, Respondent began intercepting some of the above-described checks and misappropriating the Bank's funds which were represented by the checks. In each unauthorized transaction, Respondent would first issue a cashier's check which was drawn on the Bank and made payable to Westmark Credit Union (Westmark). The cashier's check issuance created an electronic record of the check. Respondent would then alter the electronic description of the check to reflect Ameriben/IEC as the payee. Ameriben/IEC is the bank's insurance administrator. In each instance, Respondent would void or not print the paper copy of the first cashier's check, then issue a second cashier's check. The second cashier's

check would be issued using a manual, backup system which resulted in no electronic record of the check.

6. The second cashier's checks using the manual backup system had three parts. The top part was an internal bank copy, the middle part was the customer copy, and the bottom part was the check itself. Respondent would manually complete the top two copies and list the payee as Ameriben/IEC. The bottom portion, the actual check, would be made payable to Westmark. In each transaction, the bottom portion of the second cashier's check was deposited into a Westmark savings account which was jointly owned by Respondent and her husband, Gary Cottle.

7. In her processing of the above-described checks through the Bank, Respondent would submit the internal bank copy of the second cashier's check reflecting Ameriben/IEC as the payee along with the corresponding reimbursement check received from the insurance company. This process was intended to make it appear that after receipt of the insurance reimbursement check, Respondent had issued a corresponding cashier's check to Ameriben/IEC. In reality, Respondent had issued a cashier's check payable to Westmark and deposited the check in her personal account with Westmark.

8. Beginning on or around January 1, 2009 and continuing up through the date of September 8, 2011, Respondent completed unauthorized transactions, as described in paragraphs 5 through 7 above, at least thirty-one (31) times. The amounts Respondent obtained from the Bank in each transaction and deposited in her account at Westmark ranged from two hundred seventy-four dollars and fifty-three cents (\$274.53) to twelve thousand two hundred two dollars and sixty-eight cents (\$12,202.68). The total sum Respondent obtained from the Bank in the

above-described unauthorized transactions is one hundred forty-two thousand eight dollars and sixty cents (\$142,008.60).

9. At no time did any of Respondent's superiors at the Bank authorize Respondent to conduct the foregoing transactions, nor were Respondent's superiors at the Bank aware of Respondent's unauthorized transactions at the time she conducted them.

10. Upon discovery of the unauthorized transactions, on or about September 12, 2011, the Bank's president and head internal auditor met with Respondent and questioned her about the transactions. During the meeting, Respondent admitted to obtaining approximately forty-five thousand dollars (\$45,000) from the Bank over the course of one (1) year. Respondent's employment with the Bank was immediately terminated on that date.

11. On September 19, 2011, Respondent and her husband met with the Bank's attorney. At that meeting, Respondent again admitted that she had taken money from the Bank and made full reimbursement to the Bank, through the Bank's attorney, in the amount of one hundred forty-two thousand eight dollars and sixty cents (\$142,008.60).

12. On or about September 22, 2011, during an investigative interview with both a federal and a county law enforcement officer, Respondent admitted the facts set forth above.

#### **FINDINGS**

13. Paragraphs 1 through 12 above are hereby reiterated and incorporated herein by reference.

14. The Idaho Financial Fraud Prevention Act, Idaho Code § 67-2750 *et seq.*, prohibits persons from engaging in certain types of fraudulent financial activity in the state of Idaho. Idaho Code § 67-2752(6) provides that it is unlawful, for any person,

While serving as an employee, agent or representative of a financial institution, to obtain or attempt to obtain the money, funds, credits, assets, securities, or other

property owned by, held by, or under the custody or control of, the financial institution by means of false or fraudulent pretenses, representations, or promises or by means of any fraudulent device, scheme or artifice, or through the use of a fraudulent monetary instrument.

15. Respondent's conduct, as set forth above, constitutes obtaining money, funds, credits, assets, securities, or other property owned by or under the custody or control of a financial institution by false or fraudulent pretenses, representations, or promises or by means of a fraudulent device, scheme or artifice, or through the use of a fraudulent monetary instrument, while Respondent served as an employee, agent or representative of a financial institution, in violation of Idaho Code § 67-2752(6).

16. Idaho Code § 67-2752(2) provides that it is unlawful, for any person,

To obtain or attempt to obtain money, funds, credits, assets, securities, or other property owned by, or under the custody or control of a financial institution by means of false or fraudulent pretenses, representations, or promises or through the use of any fraudulent device, scheme, artifice, or fraudulent monetary instrument.

17. Respondent's conduct, as set forth above, constitutes obtaining money, funds, credits, assets, securities, or other property owned by or under the custody or control of a financial institution by false or fraudulent pretenses, representations, or promises or by means of a fraudulent device, scheme, or artifice or through the use of a fraudulent monetary instrument, in violation of Idaho Code § 67-2752(2).

18. Idaho Code § 67-2752(1) provides that it is unlawful, for any person, "[t]o employ any device, scheme or artifice to defraud a financial institution."

19. Respondent's conduct, as set forth above, constitutes employing a device, scheme or artifice to defraud a financial institution, in violation of Idaho Code § 67-2752(1).

### **REMEDIES**

20. Respondent admits to the allegations contained in this Consent Order.

21. Respondent and the State of Idaho, Department of Finance, Financial Institutions Bureau (Department) acknowledge that Respondent has made restitution to the Bank in the amount of one hundred forty two thousand eight dollars and sixty cents (\$142,008.60) representing the sum Respondent unlawfully obtained from the Bank in violation of the Idaho Financial Fraud Prevention Act. Respondent agrees that should any additional money, funds, or property Respondent may have obtained from the Bank in violation of the Idaho Financial Fraud Act be discovered, Respondent shall make full restitution of that sum to the Bank immediately upon notification from the Department that she is obligated to do so.

22. Respondent acknowledges and agrees that she shall not seek employment with, accept employment by, become employed by, or continue her employment with an Idaho state-chartered or licensed financial institution, except with the prior written consent of the Director.

23. Respondent acknowledges and agrees that she has entered into this Consent Order voluntarily with the opportunity to be advised in this matter by an attorney, and in doing so, waives her right to a hearing under the Idaho Administrative Procedure Act, Idaho Code § 67-5201 *et seq.*

DATED this 12 day of March, 2012.

Deanne M Cottle  
DEANNE M. COTTLE  
Respondent

DATED this 15 day of March, 2012.

STATE OF IDAHO  
DEPARTMENT OF FINANCE

Mary E Hughes  
MARY E. HUGHES  
Financial Institutions Bureau Chief

IT IS SO ORDERED.

DATED this 15<sup>th</sup> day of March, 2012.



STATE OF IDAHO  
DEPARTMENT OF FINANCE

GAVIN M. GEE, Director

**CERTIFICATE OF SERVICE**

I HEREBY CERTIFY that on this 16 day of March, 2012, I caused a true and correct fully-executed copy of the foregoing CONSENT ORDER to be served on the following by the designated means:

Deanne M. Cottle  
PO Box 157  
Swan Valley, ID 83449

- U.S. mail, postage prepaid
- certified mail
- hand delivery
- facsimile \_\_\_\_\_

Paralegal