

**UNITED STATES OF AMERICA  
DEPARTMENT OF THE TREASURY  
OFFICE OF THE COMPTROLLER OF THE CURRENCY**

<b>In the Matter of:</b> Elmer Whitaker Director Whitaker Bank, N.A. Lexington, Kentucky	) ) ) ) )	AA-EC-03-____
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**STIPULATION AND CONSENT ORDER**

WHEREAS, the Comptroller of the Currency of the United States of America (“Comptroller”) intends to initiate cease proceedings against Elmer Whitaker (“Respondent”) pursuant to 12 U.S.C. §§ 1818(b) for activities detailed in a Report of Examination dated as of December 31, 2000; and

WHEREAS, in the interest of cooperation and to avoid the costs associated with future administrative and judicial proceedings with respect to the above matter, the Comptroller and Respondent desire to enter into this Stipulation and Consent Order (“Order”);

NOW, THEREFORE, in consideration of the above premises, the Comptroller, through his duly authorized representative, and Respondent stipulate and agree that:

Article I

JURISDICTION

(1) Whitaker Bank, N.A. (“Bank”) is a national banking association, chartered and examined by the Comptroller, pursuant to the National Bank Act of 1864, as

amended, 12 U.S.C. § 1 et seq. Accordingly, the Bank is an “insured depository institution” as that term is defined in 12 U.S.C. § 1813(c)(2).

(2) Respondent is a director who participates in the conduct of the affairs of the Bank and is an “institution-affiliated party” of the Bank as that term is defined in 12 U.S.C. § 1813(u), having served in such capacity within six (6) years from the date hereof (*see* 12 U.S.C. § 1818(i)(3)).

(3) Pursuant to 12 U.S.C. § 1813(q), the Comptroller is the “appropriate Federal banking agency” to maintain an enforcement proceeding against institution-affiliated parties. Therefore, Respondent is subject to the authority of the Comptroller to initiate and maintain cease and desist and civil money penalty proceedings against him pursuant to 12 U.S.C. § 1818(b).

## Article II

### REQUIRED DISCLOSURES

(1) Without admitting or denying any wrongdoing, whenever Respondent serves as an institution-affiliated party, within the meaning of 12 U.S.C. § 1813(u), with respect to an insured depository institution, Respondent shall:

(a) Disclose the existence of this Order to the board of directors of the insured depository institution(s) of which he is an institution-affiliated party within thirty (30) days after the date of this Order, and within five (5) business days after becoming an institution-affiliated party of any other insured depository institution;

- (b) Disclose, in a timely manner, to the board of directors of the insured depository institution of which he is an institution-affiliated party all information in his possession relevant to any matter before the board if Respondent may experience a direct or indirect benefit in connection with the matter, apart from the benefit experienced by directors, employees, or stockholders of the institution generally;
- (c) Abstain from all discussions of the merits of the matter referenced in subparagraph (b) and recuse himself from all votes and decisions on such matter; and
- (d) Take all reasonable steps to ensure that his disclosure, abstention and recusal are reflected in the board minutes of such insured depository institution.

(2) In the event Respondent is uncertain about any of his obligations under this Order, Respondent shall obtain and follow independent legal advice in a timely manner. Respondent shall retain written documentation of the legal advice rendered.

### Article III

#### INDEMNIFICATION OF THE BANK

(1) Without admitting or denying any wrongdoing, Respondent shall indemnify the Bank for any uninsured liability it may incur, either through litigation, settlement, or consent, as a result of the Bank's handling of accounts owned or controlled by Wallace G. Wilkinson, including but not limited to the opening of the Wallace G. Wilkinson Imprest

account, the Bank's understanding of the legitimate use of such accounts, the Bank's permitted uses of such accounts, and the Bank's monitoring of any such accounts for compliance with applicable laws and regulations. Respondent shall further indemnify the Bank for all expenses, such as reasonable legal fees, which the Bank incurs, after recovery of any insurance proceeds, as a result of defending itself from any threatened or commenced lawsuits or proceedings relating to the foregoing. Respondent's obligation to indemnify the Bank hereunder shall be subject to the Bank or the Comptroller providing Respondent with reasonably prompt written notice of any threatened or commenced lawsuits or proceedings described above.

(2) Whenever the Bank incurs uninsured liability and/or costs as described above in paragraph (1) for which Respondent has an obligation to indemnify the Bank, Respondent shall:

- (a) Pay the Bank in full, by the end of each calendar month, for all such uninsured liability and/or costs incurred prior to the beginning of that calendar month, provided that the Bank or the Comptroller has provided Respondent with reasonable written notice of the amount of such uninsured liability and/or costs; and
- (b) Deliver, within five (5) business days of making any payments in subparagraph (b) above, a copy of each payment to the Director, Enforcement & Compliance Division, Office of the Comptroller of the Currency, 250 E St., S.W., Washington, D.C. 20219.

(3) This Order shall be enforceable to the same extent and in the same manner as an effective and outstanding order that has been issued and has become final pursuant to 12 U.S.C. §§ 1818 (b), (h) or (i) (as amended).

#### Article IV

#### WAIVERS

- (1) By executing this Order, Respondent waives:
- (a) The right to the issuance of Notice of Charges under 12 U.S.C. §§ 1818(b);
  - (b) All rights to a hearing and a final agency decision pursuant to 12 U.S.C. §§ 1818(b) and 12 C.F.R. Part 19;
  - (c) All rights to seek judicial review of this Order;
  - (d) All rights in any way to contest the validity of this Order; and
  - (e) Any and all claims for fees, costs or expenses against the Comptroller, or any of his agents or employees, related in any way to this enforcement matter or this Order, whether arising under common law or under the terms of any statute, including, but not limited to, the Equal Access to Justice Act, 5 U.S.C. § 504 and 28 U.S.C. § 2412.
- (2) Respondent shall not cause, participate in or authorize the Bank (or any subsidiary or affiliate thereof) to incur, directly or indirectly, any legal (or other professional) expense relative to the negotiation and issuance of this Order except in accordance with 12 C.F.R. § 7.2014 and Part 359; and Respondent shall not, directly or indirectly, obtain or accept any indemnification (or other reimbursement) from the Bank

(or any subsidiary or affiliate thereof) with respect to such amounts except in accordance with 12 C.F.R. § 7.2014 and Part 359.

(3) Respondent acknowledges that he has read and understands the premises and obligations of this Order and declares that no separate promise or inducement of any kind has been made by the Comptroller, his agents or employees to cause or induce the Respondent to agree to consent to the issuance of this Order and/or to execute this Order.

(4) It is hereby agreed that the provisions of this Order constitute a settlement of the cease and desist proceedings contemplated by the Comptroller. The Comptroller agrees not to institute proceedings for any act or omission prior to the date hereof relating to the specific acts, omissions, or violations contained in the letter from the OCC to Respondent dated August 16, 2002, or the Report of Examination dated as of December 31, 2000, unless such acts, omissions, or violations reoccur.

(5) It is further agreed that the provisions of this Order shall not be construed as an adjudication on the merits and, except as set forth above, shall not inhibit, estop, bar, or otherwise prevent the Comptroller from taking any action affecting the Respondent if, at any time, he deems it appropriate to do so to fulfill the responsibilities placed upon him by the several laws of the United States of America.

(6) Respondent understands that nothing herein shall preclude any proceedings brought by the Comptroller to enforce the terms of this Order, and that nothing herein constitutes, nor shall Respondent contend that it constitutes, a waiver of any right, power,

or authority of any other representatives of the United States or agencies thereof, including the Department of Justice, to bring other actions deemed appropriate.

IN TESTIMONY WHEREOF, the undersigned have hereunto set their hands.

*/s/ Ronald G. Schneck*

*4/1/03*

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Ronald G. Schneck  
Director of Special Supervision/Fraud

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Date

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Signed  
Elmer Whitaker

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March 25, 2003  
Date