

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

In the Matter of:	)	
Phillip E. Turner	)	
former President and Director	)	AA-EC-06-89
Farmers National Bank	)	
Walton, Kentucky	)	

**STIPULATION AND CONSENT ORDER**

WHEREAS, the Comptroller of the Currency of the United States of America (“Comptroller”) intends to initiate civil money penalty proceedings against Phillip Turner (“Respondent”) pursuant to 12 U.S.C. § 1818(i) (as amended) alleging violations of 12 U.S.C. § 84; 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, Respondent, without admitting or denying any wrongdoing, desires to enter into this Stipulation and Consent Order of Civil Money Penalty (“Order”) issued pursuant to 12 U.S.C. § 1818(i);

NOW, THEREFORE, in consideration of the above premises, it is stipulated by and between the Comptroller, through his duly authorized representative, and Respondent that:

## **ARTICLE I**

### **JURISDICTION**

(1) Farmers National Bank, Walton, Kentucky (“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 former President and Director 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 this civil money penalty proceeding against him pursuant to 12 U.S.C. § 1818(i).

## **ARTICLE II**

### **COMPTROLLER’S FINDINGS**

The Comptroller finds, and Respondent neither admits nor denies, the following:

(1) During the period from July 2001 to September 2002, Respondent caused or brought about violations of the Bank’s lending limit by failing to aggregate loans for two borrowers pursuant to 12 U.S.C. § 84 and 12 C.F.R. Part 32. During one instance, the Bank’s legal lending limit was exceeded by as much as \$565,000.

(2) During the period from January 2001 to June 2002, Respondent caused or brought about violations of the Bank's lending limit by approving numerous overdrafts and failing to aggregate loans for two additional borrowers pursuant to 12 U.S.C. § 84 and 12 C.F.R. Part 32. During one instance, the Bank's legal lending limit was exceeded by as much as \$420,000.

(3) Respondent failed to recuse himself or otherwise affirmatively disclose to the Bank's Board of Directors relevant financial or business relationships that he had with the borrowers (or related entities of the borrowers) referenced in paragraphs (1) and (2) of this Article.

### **ARTICLE III**

#### **CIVIL MONEY PENALTY**

(1) Without admitting or denying wrongdoing, Respondent hereby consents to the payment of a civil money penalty in the amount of twenty thousand dollars (\$20,000.00), which shall be paid as follows: three thousand dollars (\$3,000) shall be paid within 30 days following execution of this Order; an additional eighty five hundred dollars (\$8,500) shall be paid within 6 months following execution of this Order; and the remaining eighty five hundred dollars (\$8,500) shall be paid within one year following execution of this Order.

(2) Respondent shall make these payments in full by check made payable to the Treasurer of the United States and shall deliver the payment to: Comptroller of the Currency, P.O. Box 979012, St. Louis, Missouri 63197-9000. The docket number of this

case (AA-EC-06-89) shall be entered on the check. A copy of the check shall be delivered to the District Counsel, Central District, Office of the Comptroller of the Currency, 440 South LaSalle Street, Suite 2700, Chicago, Illinois 60605 (“District Counsel”).

(3) Respondent shall notify the District Counsel of his current address by completing and dating the form attached hereto as Appendix A.

(4) Until the civil money penalty is paid in full, upon each and every subsequent change in address, if any, Respondent shall notify the District Counsel of his new address within seven (7) days of such change in address.

(5) If Respondent fails to make any payment as provided in this Article, the entire balance of the civil money penalty amount described in this Article shall become immediately due and payable.

(6) The length of time for payment of the civil money penalty has been extended based on the Respondent’s submission of a certified personal financial statement dated October 3, 2006, disclosing his current financial condition. If the Comptroller subsequently learns that such financial statement is materially incorrect or misleading, the Comptroller may require the full amount of civil money penalty to be immediately due and payable

(7) 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(h) and (i) (as amended).

## **ARTICLE IV**

### **BANKRUPTCY**

(1) If Respondent files for bankruptcy protection, Respondent shall notify the District Counsel, Central District, within ten (10) days of the filing and shall provide a copy of the filing to the Enforcement District Counsel.

(2) In any bankruptcy proceeding in which it is or may be contended that Respondent's obligation to pay a civil money penalty pursuant to this Order is subject to discharge, Respondent will in no manner contest the assertion of the Comptroller or any agent, officer or representative of the United States, pursuant to 11 U.S.C. § 523(a) or otherwise, that the civil money penalty obligation in this Order arises out of acts which result in claims not dischargeable in bankruptcy.

## **ARTICLE V**

### **WAIVERS**

- (1) By executing this Order, Respondent waives:
- (a) the right to the issuance of a Notice of Civil Money Penalty Assessment under 12 U.S.C. § 1818(i);
  - (b) all rights to a hearing and a final agency decision pursuant to 12 U.S.C. § 1818(i) 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.

## **ARTICLE VI**

### **CLOSING**

(1) Respondent shall not cause, participate in or authorize the Bank (or any subsidiary or affiliate thereof) to incur, directly or indirectly, any expense for the payment of the civil money penalty under this Order, or any legal (or other professional) expense relative to the negotiation and issuance of this Order except as permitted by 12 C.F.R. § 7.2014 and 12 C.F.R. 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 as permitted by 12 C.F.R. § 7.2014 and 12 C.F.R. Part 359.

(2) 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 Respondent to agree to consent to the issuance of this Order and/or to execute this Order.

(3) It is hereby agreed that the provisions of this Order constitute a settlement of this civil money penalty proceeding contemplated by the Comptroller. The

Comptroller agrees not to institute proceedings for the specific acts, omissions, or violations referenced in Article II of this Consent Order, hereof, unless such acts, omissions, or violations reoccur.

(4) 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 in paragraph (3), shall not inhibit, estop, bar, or otherwise prevent the Comptroller from taking any action affecting 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.

(5) 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/  
Bert A. Otto  
Deputy Comptroller  
Central District

\_\_\_\_\_  
10-18-06  
Date

\_\_\_\_\_/s/  
Phillip E. Turner

\_\_\_\_\_  
10/04/06  
Date