

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

<hr/>)	AA-EC-06-32
In the Matter of:)	
Paul L. Ash)	
Former Loan Officer)	
)	
First National Bank of Shelby County)	
Columbiana, Alabama (Merged))	
<hr/>)	

STIPULATION AND CONSENT ORDER

WHEREAS, the Comptroller of the Currency of the United States of America (“Comptroller”) intends to initiate cease and desist proceedings against Paul L. Ash (“Respondent”), former loan officer, pursuant to 12 U.S.C. § 1818(b) for violations of the October 2002 Formal Agreement entered into with the Comptroller (“2002 Formal Agreement”), as well as unsafe or unsound banking practices and breaches of fiduciary duty; 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 (“Order”);

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) First National Bank of Shelby County, Columbiana, Alabama (“Bank”) was 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 was an “insured depository institution” as that term is defined in 12 U.S.C. § 1813(c)(2).

(2) Respondent was a loan officer 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 enforcement proceedings against institution-affiliated parties. Therefore, Respondent is subject to the authority of the Comptroller to initiate and maintain this cease and desist proceeding against him pursuant to 12 U.S.C. § 1818(b).

Article II

COMPTROLLER’S FINDINGS

(1) The Comptroller hereby makes the following findings, which Respondent neither admits nor denies:

(a) In connection with his employment as a loan officer of the Bank, Respondent obtained a nominee loan for purposes of benefiting a third-party borrower of the Bank.

(b) The third-party borrower’s loan was not current. Respondent brought the loan current by creating a large overdraft in the Bank’s demand deposit account of the borrower. The overdraft was then repaid using the proceeds of the nominee loan.

(c) The third-party borrower’s loan was brought current in order to conceal non-performance in the loan from the Bank’s external loan review function, and the Comptroller. The Bank’s external loan review function was required by the 2002 Formal Agreement.

(d) The Bank suffered no loss, and Respondent obtained no financial gain or other benefit from the above described misconduct.

(e) Respondent's misconduct, described above, constituted an unsafe or unsound practice, a breach of his fiduciary duty to the Bank, and a violation of the 2002 Formal Agreement.

Article III

PERSONAL CEASE AND DESIST ORDER

(1) Pursuant to the authority vested in him by the Federal Deposit Insurance Act, as amended, 12 U.S.C. § 1818(b), the Comptroller hereby orders that, effective immediately, Respondent shall, whenever he becomes employed by a federally insured depository institution, seeks such employment, or otherwise becomes an institution-affiliated party, as defined by 12 U.S.C. § 1813(u):

(a) provide the Chief Executive Officer and the Board of Directors of such institution with a copy of this Order prior to accepting any position that would cause him to become an institution-affiliated party;

(b) not participate in, or seek to influence, any lending activity, including, but not limited to, soliciting, loan document preparation, underwriting, approval, or ongoing credit management for any extension of credit, including extensions or renewals, made by any federally insured depository institution to which Respondent is or may become affiliated;

(c) at all times comply fully with all applicable laws, regulations, Formal Agreements or Orders of any applicable bank regulatory agency;

(d) avoid engaging in any unsafe or unsound practices, as that term is used in Title 12 of the United States Code;

(e) not breach the fiduciary duties of care or loyalty owed to any federally insured depository institution to which Respondent is or may become affiliated; and

(f) adhere to all written policies and procedures of any federally insured depository institution to which Respondent is or may become affiliated, or seek and receive written permission from appropriate authorized individuals to do otherwise.

(2) Within ten (10) days from Respondent's acceptance of any position described in paragraph (1)(a) of this Article, Respondent shall provide written notice of such acceptance to the Director of the Enforcement and Compliance Division along with a written certification of his compliance with paragraph (1)(a). All such written notices and certifications required by this Order shall be sent to: Director, Enforcement and Compliance Division, 250 E Street, SW, Washington, DC 20219.

(3) If, at any time, Respondent is uncertain whether a situation implicates paragraphs (1) or (2) of this Article, or if Respondent is uncertain about his duties arising from such paragraphs, he shall obtain and abide by the written advice of counsel regarding his duties and responsibilities with respect to the matter.

(4) Respondent agrees that 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) and (h).

Article IV

WAIVERS

- (1) By executing this Order, Respondent hereby waives:
- (a) the right to the issuance of Notices 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;

(e) any and all claims for fees, costs or expenses against the Comptroller, or any of her 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; and

(2) Respondent shall not cause, participate in or authorize the Bank (or any subsidiary or affiliate thereof, or successor in interest) 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 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, or successor in interest) 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 this cease and desist proceeding contemplated by the Comptroller. The Comptroller agrees not to institute proceedings for the specific acts, omissions, or violations described in Article II of this Order, 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

9-21-06

Ronald G. Schneck
Director
Special Supervision Division
/s/ Paul L. Ash

Date

7-18-06

Paul L. Ash

Date