

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

|                                                      |   |             |
|------------------------------------------------------|---|-------------|
| <b>In the Matter of:</b>                             | ) |             |
| JW Compton                                           | ) |             |
| Former Loan Officer                                  | ) | AA-EC-07-75 |
| First Horizon Home Loan Corporation, a subsidiary of | ) |             |
| First Tennessee Bank, N.A.                           | ) |             |
| Irving TX                                            | ) |             |

**STIPULATION AND CONSENT ORDER**

WHEREAS, the Comptroller of the Currency of the United States of America (“Comptroller”) intends to initiate prohibition and civil money penalty proceedings against JW Compton (“Respondent”) pursuant to 12 U.S.C. §§ 1818(e) and (i) (as amended) for his actions while serving as a mortgage loan officer for First Horizon Home Loan Corporation (“FHHLC”) during the period April 2000 through December 2001;

WHEREAS, in the interest of cooperation and to avoid the costs associated with administrative and judicial proceedings with respect to the above matter, and without admitting or denying any wrongdoing as alleged herein, Respondent 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:

Initials \_\_\_\_\_ Date \_\_\_\_\_

Article I

JURISDICTION

(1) Respondent was employed by FHHLC, a wholly-owned subsidiary of First Tennessee Bank, N.A. (“Bank”), which 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 was a mortgage lending 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 an enforcement proceeding against institution-affiliated parties. Therefore, Respondent is subject to the authority of the Comptroller to initiate and maintain these removal and prohibition and civil money penalty proceedings against him pursuant to 12 U.S.C. §§ 1818(e) and (i).

Article II

COMPTROLLER'S FINDINGS

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

(1) During April 2000 through December 2001, Respondent was employed by FHHLC as a mortgage lending officer making loans at the Deer Path resort development in Sevier County, Tennessee.

(2) Respondent originated loans as second home mortgage loans that, under FHHLC's policies, should have been originated as investment property loans.

(3) The mortgage loans Respondent made were underwritten as second home mortgage loans and were not qualified or underwritten as investment property loans.

(4) The borrowers were not able to make their loan payments and thus defaulted on their loans.

(5) Many of the borrowers for whom Respondent originated loans used the same application for both mortgage financing from FHHLC and construction financing from the Bank. The Bank thus made construction loans based on applications inaccurately marked as second home loan applications.

(6) The Bank foreclosed on approximately one hundred and fifty of these mortgage and construction loans and suffered at least seven million dollars in initial losses.

(7) As a result of the foregoing conduct, Respondent engaged in recklessly unsafe or unsound banking practices.

Article III

PROHIBITION AND REMOVAL

(1) With respect to the institutions and agencies set forth in paragraph (2) of this Article, Respondent hereby agrees that he shall not:

- (a) participate in any manner in the conduct of their affairs;
- (b) solicit, procure, transfer, attempt to transfer, vote, or attempt to vote any proxy, consent, or authorization with respect to any voting rights;
- (c) violate any voting agreement previously approved by the “appropriate Federal banking agency,” as defined in 12 U.S.C. § 1813(q) (as amended);  
or
- (d) vote for a director, or serve or act as an “institution-affiliated party,” as defined in 12 U.S.C. § 1813(u) (as amended).

(2) The prohibitions in paragraph (1) of this Article apply to the following institutions and agencies:

- (a) any insured depository institution, as defined in 12 U.S.C. § 1813(c);
- (b) any institution treated as an insured bank under 12 U.S.C. §§ 1818(b)(3), (b)(4), or as a savings association under 12 U.S.C. § 1818(b)(9) (as amended);
- (c) any insured credit union under the Federal Credit Union Act;
- (d) any institution chartered under the Farm Credit Act of 1971;
- (e) any appropriate Federal depository institution regulatory agency; and

(f) the Federal Housing Finance Board and any Federal Home Loan Bank.

(3) The prohibitions of paragraphs (1) and (2) of this Article shall cease to apply with respect to a particular institution if Respondent obtains the prior written consent of both the Comptroller and the institution's "appropriate Federal financial institutions regulatory agency," as defined in 12 U.S.C. § 1818(e)(7)(D) (as amended).

(4) 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(e), (i), (j) and (h) (as amended).

#### Article IV

#### CIVIL MONEY PENALTY

Respondent hereby consents to, and it is Ordered that:

(1) Respondent shall pay a civil money penalty in the amount of five thousand dollars (\$5,000) in consecutive payments as follows: One thousand dollars (\$1,000) by January 2, 2008; five hundred dollars (\$500) by April 2, 2008; five hundred dollars (\$500) by July 2, 2008; five hundred dollars (\$500) by October 2, 2008; five hundred dollars (\$500) by January 2, 2009; five hundred dollars (\$500) by April 2, 2009; five hundred dollars (\$500) by July 2, 2009; five hundred dollars (\$500) by October 2, 2009; and a final payment of five hundred dollars (\$500) by January 2, 2010.

(2) Respondent shall make each such payment by certified check payable to the Treasurer of the United States. The docket number of this case (AA-EC-07-75) shall be entered on the checks. Respondent shall deliver the payments to: Comptroller of the

Currency, P.O. Box 979012, St. Louis, Missouri 63197-9000 and forward a photocopy of each check to the Director of Enforcement and Compliance Division of the Office of the Comptroller of the Currency (the "OCC"), 250 E Street, SW, Washington, DC 20219.

(3) A greater civil money penalty was assessed on the basis of Respondent's conduct described in Article II and is reduced to \$5,000 in reliance on Respondent's submission of a certified personal financial statement dated April 5, 2007 disclosing his current financial condition. If the Comptroller subsequently learns that such financial statement is materially incorrect or misleading, the Comptroller may assess an additional civil money penalty based on the findings in Article II.

(4) 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 V

#### WAIVERS

(1) By executing this Order, Respondent waives:

- (a) The right to issuance of a Notice under 12 U.S.C. § 1818;
- (b) all rights to a hearing and a final agency decision pursuant to 12 U.S.C. §§ 1818(e) and (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;

(2) 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 the civil money penalty 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 or his agents or employees to cause or induce Respondent to agree to consent to the issuance of this Order or to execute this Order.

(4) It is hereby agreed that the provisions of this Order constitute a settlement of these removal and prohibition and civil money penalty proceedings contemplated by the Comptroller, except to the extent provided in Article IV, paragraph 3. The Comptroller

agrees not to institute proceedings for the specific acts, omissions, or violations arising from the Respondent's role in the origination of loans to finance property at Deer Path resort development during the time he was a mortgage lending officer at FHHLC from April 2000 through December 2001. However, the specific acts, omissions, or violations described in Article II may be used by the OCC in future enforcement actions to establish a pattern or practice of misconduct or the continuation of a pattern or practice of misconduct.

(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 in paragraph 4, 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 further agrees not to take any action or to make or permit to be made any public statement denying, directly or indirectly, the specific acts, omissions, or violations referenced in this Order or otherwise creating the impression that this Order is without factual basis. If Respondent violates this provision, the OCC may set aside this settlement and commence administrative proceedings on the actions alleged herein. Nothing in this paragraph shall affect Respondent's testimonial obligations.

(7) 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, and Respondent shall not 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/ Grace E. Dailey*

*11/29/07*

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Grace E. Dailey  
Deputy Comptroller  
Large Bank Division

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Date

*/s/ JW Compton*

*11/28/07*

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JW Compton

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Date