

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

In the Matter of: Robert Pennington Former Vice President of Commercial Banking Citizens First National Bank, Princeton, Illinois)))))))	AA-EC-12-79
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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 Robert Pennington (“Respondent”), pursuant to 12 U.S.C. §§ 1818(e) and (i) on the basis of Respondent’s activities while serving as Vice President of Commercial Banking of Citizens First National Bank, Princeton, Illinois (“Bank”), during the period of August 2000 through July 2011, for unsafe or unsound banking practices and breaches of his fiduciary duty;

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 Consent Order (“Order”) issued pursuant to 12 U.S.C. §§ 1818(e) and (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) The 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. § *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 employed at the Bank beginning in August 2000 until July 22, 2011, when he was involuntary terminated from the Bank. At the time of his termination, Respondent was the Vice President of Commercial Banking and is deemed 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 prohibition and civil money penalty actions 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) Respondent, at all times pertinent to the events described herein, was the Vice President of Commercial Banking of the Bank.

(2) Between 2002 and 2011, Respondent received at least nine (9) personal loans from seven (7) Bank customers, ranging in amount from \$7,500 to \$50,000. In total, Respondent received approximately \$187,500 in personal loans from Bank customers.

(3) Throughout his tenure at the Bank, Respondent failed to disclose the existence of any of the personal loans described in paragraph 2 above to the Bank, contrary to the Bank's Conflict of Interest Policy.

(4) Respondent caused the Bank to make loans to several of the Bank customers described above, who used a portion of the loan funds from the Bank to make personal loans to Respondent.

(5) In addition, Respondent frequently made loans with Bank funds that lacked adequate underwriting, including the lack of any documented cash flow analysis, collateral analysis, secondary source of repayment, or appropriate risk rating.

(6) The Bank has charged off approximately eleven loans connected to Respondent's lending practices, resulting in a Bank loss of at least \$216,359.

(7) By reason of the foregoing conduct, Respondent engaged in unsafe or unsound banking practices, caused financial loss to the Bank and received a corresponding personal benefit, breached his fiduciary duty to the Bank, and

demonstrated personal dishonesty and/or willful or continuing disregard for the safety and soundness of the Bank.

Article III

ORDER OF PROHIBITION:

Respondent consents to, and it is ORDERED that:

(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); or
- (d) vote for a director, or serve or act as an “institution-affiliated party,” as defined in 12 U.S.C. § 1813(u).

(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 (b)(5), including, but not limited, any subsidiary of such institution, or treated as a savings and loan holding company or subsidiary under 12 U.S.C. § 1818(b)(9);

- (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).

(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.

Article IV

ORDER FOR CIVIL MONEY PENALTY

Respondent consents to, and it is ORDERED that:

(1) Respondent hereby consents to the payment of a civil money penalty in the amount of five thousand dollars (\$5,000), which shall be paid upon execution of this Order.

(2) Respondent shall make payment in full by certified check or money order 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 (AC-EC-12-79) shall be entered on all checks. Respondent

shall send a copy of the check to the Director, Enforcement and Compliance Division, 250 E Street, S.W., Washington, DC 20219.

(3) Respondent shall notify the OCC of the address of his current place of residence by completing the form attached hereto as Appendix A and returning it, along with the original executed Order, to Director, Enforcement and Compliance Division, Office of the Comptroller of the Currency, 250 E Street, S.W., Washington, DC 20219.

(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.

Article V

BANKRUPTCY

(1) If Respondent files for bankruptcy protection, Respondent shall notify the Enforcement Director within ten (10) days of the filing and shall provide a copy of the filing to the Director of the Enforcement and Compliance Division, Office of the Comptroller of the Currency, 250 E Street S.W., Washington, DC 20219.

(2) In any bankruptcy proceeding in which it is or may be contended that Respondent's obligations to pay a civil money penalty pursuant to this Order are 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 arises out of acts which result in claims not dischargeable in bankruptcy.

Article VI

WAIVERS

- (1) By executing this Order, Respondent waives:
 - (a) the right to the issuance of a Notice of Charges 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 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 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 Part 359.

(3) Respondent 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 or to execute this Order.

(4) This Order constitutes a settlement of prohibition and civil money penalty proceedings contemplated by the Comptroller and arising out of the specific acts, omissions, or violations described in the Comptroller's Findings (Article II of this Order). However, the specific acts, omissions, or violations described in Article II may be used by the Comptroller in future enforcement actions to establish a pattern of misconduct or the continuation of a pattern of misconduct.

(5) 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 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 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/Kristina B. Whittaker
Kristina B. Whittaker
Deputy Comptroller for Special Supervision
Office of the Comptroller of the Currency

Nov. 30, 2012
Date

/s/Robert Pennington
Robert Pennington

10-19-2012
Date