

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

In the Matter of:)	
John E. Soper, III)	
)	AA-EC-2012-147
Former President and Director)	
)	
Citizens Commerce National Bank)	
Versailles, Kentucky)	

CONSENT ORDER

WHEREAS, the Comptroller of the Currency of the United States of America (“Comptroller”) intends to initiate cease and desist and civil money penalty proceedings against John E. Soper, III (“Respondent”) pursuant to 12 U.S.C. § 1818(b) and (i) on the basis of Respondent’s actions while employed as the President and a Director of Citizens Commerce National Bank, Versailles, Kentucky (“Bank”), during the period of at least 2008 through 2010; and

WHEREAS, in the interest of cooperation and to avoid the costs associated with future administrative and judicial proceedings with respect to this matter, Respondent, without admitting or denying any wrongdoing, desires to enter into this Consent Order (“Order”) issued pursuant to 12 U.S.C. § 1818(b) 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:

Initials: JS
Date: 12/13/13

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. § 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 cease and desist and civil money penalty proceedings against him pursuant to 12 U.S.C. § 1818(b) and (i).

Article II

COMPTROLLER’S FINDINGS

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

(1) During all relevant times, Respondent served as President and a Director of the Bank.

(2) During the period of at least 2008 through 2009, Respondent made, renewed, or modified numerous extensions of credit in contravention of the Bank’s loan

policy by failing to: follow prescribed loan approval processes; adequately monitor loans; appropriately recognize non-accrual status; assign accurate risk ratings; follow regulatory guidance and prudent banking practices regarding the capitalization of interest and charges; obtain current and adequate financial information on borrowers and guarantors; and obtain current collateral valuations, in violation of 12 C.F.R. Part 34. Respondent also allowed a troubled Bank borrower to divert funds that the Bank was entitled to receive. Respondent's actions caused the Bank to overstate its interest income; exposed the Bank to excessive risk; masked the true credit risk in the Bank's loan portfolio; and contributed to the Bank filing an inaccurate June 30, 2009 Report of Condition and Income, in violation of 12 U.S.C. § 161. Additionally, Respondent's actions caused the Bank to lend additional Bank funds to problem borrowers and caused loss to the Bank.

(3) By reason of the foregoing conduct, Respondent caused, brought about, participated in, counseled, or aided or abetted the Bank's violations of law and regulation; recklessly engaged in unsafe or unsound practices; and breached his fiduciary duty to the Bank. Respondent's actions caused more than a minimal loss to the Bank and were part of a pattern of misconduct.

Article III

PERSONAL CEASE AND DESIST ORDER

Respondent consents to, and it is ORDERED that:

(1) Whenever Respondent is employed by, or is offered employment at, an insured depository institution (as defined in 12 U.S.C. § 1813(c)(2)) or otherwise

becomes an institution-affiliated party (“IAP”) within the meaning of 12 U.S.C.

§ 1813(u), Respondent shall:

- (a) Provide the board of directors of any insured depository institution of which he is currently an IAP with a copy of this Order.

Respondent shall provide written certification of compliance with this paragraph to the Director of the Enforcement and Compliance Division, within ten (10) days of execution of this Order, at the following address: Director, Enforcement and Compliance Division, Office of the Comptroller of the Currency, 400 7th Street, SW, Washington, DC 20219.
- (b) Prior to accepting any position that causes Respondent to become an IAP of an insured depository institution, provide the board of directors of that insured depository institution with a copy of this Order. Respondent shall provide written notice of such acceptance to the Director, Enforcement and Compliance Division, Office of the Comptroller of the Currency, 400 7th Street, SW, Washington, DC 20219, along with written certification of his compliance with this paragraph within ten (10) days after acceptance of such position.
- (c) Comply fully with all laws, regulations, and policies applicable to any insured depository institution of which he is an IAP.
- (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 loyalty or care owed to any insured depository institution of which he is an IAP.

(2) Respondent shall not engage in, participate in, or seek to influence any lending-related activity for any extension of credit, including extensions or renewals (“loan”), for loans made by any insured depository institution to which he is or may become an IAP. Lending-related activity includes, but is not limited to, supervising lending personnel, loan document preparation, loan underwriting, loan approval, credit administration, and conducting any other loan origination or servicing activities; provided, however, Respondent shall not be prohibited from soliciting loan business from current or prospective customers.

(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.

Article IV

ORDER FOR CIVIL MONEY PENALTY

Respondent consents to, and it is ORDERED that:

(1) Respondent shall pay a civil money penalty in the amount of twenty-five thousand dollars (\$25,000.00), which shall be paid in full upon execution of this Order.

(2) Respondent shall make payment by cashier’s 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 (AA-EC-2012-147) shall be entered on the submitted

payment, and a copy of the check or money order shall be returned to the OCC along with this original signed Order to the Director, Enforcement and Compliance Division, Office of the Comptroller of the Currency, 400 7th Street, SW, Washington, DC 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.

Article V

CLOSING

- (1) By executing this Order, Respondent waives:
 - (a) the right to a Notice of Charges for Issuance of an Order to Cease and Desist and a Notice of Assessment of a Civil Money Penalty under 12 U.S.C. § 1818(b) and (i);
 - (b) all rights to a hearing and a final agency decision pursuant to 12 U.S.C. § 1818(b) 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 this Order except as permitted by 12 C.F.R. § 7.2014 and Part 359. In addition, 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 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 and/or to execute this Order.

(4) This Order constitutes a settlement of any proceedings arising out of the facts, omissions, or violations described in the Comptroller's Findings (Article II of this Order). The Comptroller agrees not to institute proceedings for the specific acts, omissions, or violations referenced in the first whereas clause, hereof, unless such acts, omissions, or violations reoccur. 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) This Order shall not be construed as an adjudication on the merits and, except as set forth above in paragraph (4) above, 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) 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.

(7) This Order is intended to be, and shall be construed to be, a final order issued pursuant to 12 U.S.C. § 1818, and expressly does not form, and may not be construed to form, a contract binding the Comptroller or the United States. Respondent expressly acknowledges that no officer or employee of the Comptroller has statutory or other authority to bind the United States, the United States Treasury Department, the Comptroller, or any other federal bank regulatory agency or entity, or any officer or employee of those entities, to a contract affecting the Comptroller's exercise of his supervisory responsibilities.

(8) This Order is "issued with the consent of . . . the institution-affiliated party concerned," pursuant to 12 U.S.C. § 1818(h)(2).

(9) The terms of this Order, including this paragraph, are not subject to amendment or modification by any extraneous expression, prior agreements, or prior arrangements between the parties, whether oral or written.

(10) The provisions of this Order are effective upon issuance by the Comptroller through his authorized representative whose hand appears below, and shall

remain effective and enforceable, except to the extent that, and until such time as, any provisions of this Order shall have been amended, suspended, waived, or terminated in writing by the Comptroller, through his authorized representative.

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

/s/ John E. Soper
John E. Soper, III

12/13/13
Date

/s/ Kristina B. Whittaker
Kristina B. Whittaker
Deputy Comptroller for Special Supervision
Office of the Comptroller of the Currency

Jan 3, 2014
Date