

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

In the Matter of:)	
William J. Widmer, Jr.)	
Former Chairman of the Board)	AA-EC-2014-85
Hometown National Bank)	
Longview, Washington)	

CONSENT ORDER

WHEREAS, the Comptroller of the Currency of the United States of America (“Comptroller”) intends to initiate cease and desist and prohibition proceedings against William J. Widmer, Jr. (“Respondent”) pursuant to 12 U.S.C. §§ 1818(b) and (e) on the basis of Respondent’s actions as shareholder and Chairman of the Board of Hometown National Bank, Longview, Washington (“Bank”), and as a person who filed a change-in-control notice with the Office of the Comptroller of the Currency (“OCC”), during the period of 2012 through 2013; 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 (e);

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. § 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 the former Chairman of the Board of the Bank, is a shareholder who participated in the conduct of the affairs of the Bank, is a person who filed a change-in-control notice with the OCC, and is thereby 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 prohibition actions against him pursuant to 12 U.S.C. §§ 1818(b) and (e).

Article II

COMPTROLLER’S FINDINGS

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

(1) Respondent served as Chairman of the Board from December 2012 until his resignation in August 2013. Respondent is also a shareholder who participated in the conduct of the affairs of the Bank from October 2012 until his resignation as Director in September 2013. Additionally, Respondent filed a change-of-control notice with the OCC in August 2012 as part of his investment in the Bank.

(2) Respondent opened and operated a loan production office (“LPO”) as a branch of the Bank in Irvine, California. Respondent took such action without obtaining the required prior determination of no supervisory objection from the OCC. On multiple occasions beginning in December 2012, the OCC informed Respondent that operating such a mortgage banking operation required a prior determination of no supervisory objection from the OCC. At no time did the OCC provide the Bank or Respondent with a determination of no supervisory objection for the Bank to open and operate the Irvine, California LPO. Respondent knew he lacked OCC approval for the LPO; notwithstanding, he continued to establish and operate the LPO. Additionally, through material omissions, he made misrepresentations to the Bank’s Board regarding the LPO operations and the lack of OCC prior determination of no supervision objection. Respondent ignored regulatory warnings regarding the lack of approval and continued to incur large expenses associated with LPO operations, such that by February 2013 salaries at the LPO were several times higher than at the rest of the Bank, which was in deteriorated financial condition. When the OCC learned of the LPO in February 2013, the OCC reiterated to Respondent that the Bank did not have approval for the LPO.

Initials: WJW
Date: 10-27-2014

Respondent took no action in response and the office remained open until the OCC directed the Board in writing in April 2013 to cease all Bank LPO operations.

Additionally, Respondent made false statements to OCC personnel in February 2013 by asserting that the majority of LPO staff were employees of Fairplay Financial, Inc. (“Fairplay”), when in actuality the entire staff of the Irvine, California LPO was transferred to the Bank’s payroll as employees the previous month.

(3) Losses to the Bank in 2013 attributable to Respondent’s operation of the LPO totaled \$1,464,000. This amount includes salaries, rent, and other expenses of \$1,675,000 minus income for interest, fees, and loan sales of \$211,000.

(4) In August of 2012, Respondent affirmed in an Interagency Notice of Change-in-Control filed with the OCC that he would be funding his investment in the Bank with “cash on hand,” which was a false statement in violation of 18 U.S.C. § 1001. In fact, Respondent directed his company, Fairplay, to finance the purchase of Bank stock in his name. The OCC determined, based on Respondent’s submission, that it did not disapprove the proposed change in control and Respondent received Bank stock.

(5) By reason of the foregoing conduct, Respondent engaged in unsafe or unsound practices, a violation of law, and breaches of his fiduciary duty to the Bank; caused financial loss to the Bank and received a benefit; and demonstrated personal dishonesty, a willful and continuing disregard for the safety and soundness of the Bank, and a reckless disregard for the law.

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) (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 depository institution under 12 U.S.C. §§ 1818(b)(3), (b)(4), or (b)(5);
 - (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) and (h).

Article IV

ORDER FOR PAYMENT OF RESTITUTION

Respondent consents to, and it is ORDERED that:

(1) Respondent shall pay restitution to the Bank in the amount of one million four hundred sixty-four thousand dollars (\$1,464,000) upon execution of this Order.

(2) Within seven (7) days of payment, Respondent shall deliver a copy of proof of payment of restitution to Director, Enforcement & Compliance Division, Office of the Comptroller of the Currency, 400 7th Street, S.W., Washington, D.C. 20219. The docket number of this case (AA-EC-2014-85) shall be included with your correspondence.

(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 become final pursuant to 12 U.S.C. § 1818(b)(6) and (h).

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 Intention to Prohibit Further Participation under 12 U.S.C. §§ 1818(b) and (e);
 - (b) all rights to a hearing and a final agency decision pursuant to 12 U.S.C. §§ 1818(b) and (e) 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 restitution 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 Article II of this Order, 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 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 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 has hereunto set his hand.

s/William J. Widmer, Jr
William J. Widmer, Jr.

10-27-2014
Date

IT IS SO ORDERED.

s/Kristina B. Whittaker
Kristina B. Whittaker
Deputy Comptroller
Special Supervision

11/18/2014
Date