

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

In the Matter of:)	
Craig E. Reay)	
former Chief Credit Officer)	AA-EC-2015-76
)	
First Place Bank (merged))	
Warren, Ohio)	

CONSENT ORDER

WHEREAS, the Office of the Comptroller of the Currency (“OCC”) intends to initiate a cease and desist and civil money penalty proceedings against Craig E. Reay (“Respondent”) pursuant to 12 U.S.C. § 1818 (b) and (i) on the basis of Respondent’s activities while serving as Chief Credit Officer of First Place Bank, Warren, Ohio (“Bank”);

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 consent to the issuance of this Consent Order (“Order”) issued pursuant to 12 U.S.C. § 1818(b) and (i);

NOW, THEREFORE, it is stipulated by and between the OCC, through the duly authorized representative of the Comptroller of the Currency (“Comptroller”), and Respondent that:

ARTICLE I

JURISDICTION

(1) The Bank was an “insured depository institution” as that term is defined in 12 U.S.C. § 1813(c)(2).

(2) Respondent was an officer of the Bank and was 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 of this Order. *See* 12 U.S.C. § 1818(i)(3).

(3) The Bank was a Federal savings association within the meaning of 12 U.S.C. § 1813(q)(1)(C), and was examined by the OCC. *See* 12 U.S.C. §§ 1461 *et seq.*, 5412(b)(2)(B).

(4) The OCC is the “appropriate Federal banking agency” as that term is defined in 12 U.S.C. § 1813(q) and is therefore authorized to initiate and maintain this cease and desist and civil money penalty action against Respondent 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 the period from approximately March of 2009 to March of 2011, Respondent caused the Bank to fail to properly identify and account for problem assets, to accurately report its income and capital, and ensure an adequate Allowance for Loan and Lease Losses balance.

(2) Respondent participated in the approval of extensions of credit without determining the borrowers’ ability to pay. The purpose of the extensions of credit was to enable troubled borrowers to make payments on pre-existing loans, thus, masking the true condition of the lending relationship and causing the Bank to continue to improperly accrue interest.

(3) Respondent failed to obtain updated collateral evaluations before modifying or extending additional credit.

(4) Respondent failed to follow examiner loan classifications and to risk rate assets in a manner consistent with the asset classification system.

(5) By reason of the foregoing conduct, Respondent engaged in violations of 18 U.S.C. §1005; 12 C.F.R. 564.3(a)(7) (now 34.43); and 12 C.F.R. § 560.170 (now 160.170), engaged in reckless unsafe or unsound practices, and breached his fiduciary duty to the Bank; which violations, practices, or breaches were part of a pattern of misconduct, and caused a significant loss to the Bank.

ARTICLE III

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 six thousand dollars (\$6,000), which shall be paid in full upon Respondent's execution of this Order.

(2) Respondent shall make payment in full by cashier's or certified check made payable to the Treasurer of the United States, and shall deliver the payment to: Office of the Comptroller of the Currency, P.O. Box 979012, St. Louis, Missouri 63197-9000. The docket number of this case (AA-EC-2015-76) shall be entered on the submitted payment.

(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 TO CEASE AND DESIST

Respondent consents to, and it is ORDERED that:

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

Initials: _____
Date: _____

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

§ 1813(u), Respondent shall:

- (a) Comply fully with all laws, regulations, and policies applicable to any insured depository institution with which he is or may become affiliated;
- (b) Avoid engaging in any unsafe or unsound practices, as that term is used in Title 12 of the United States Code;
- (c) Fulfill the fiduciary duties of loyalty and care owed to any insured depository institution with which he is or may become affiliated and shall, at all times, avoid placing his own interests above those of the institution;
- (d) Ensure that the reports of condition filed by the insured depository institution with which he is or may become affiliated accurately and completely reflect the financial condition of the institution to the extent that Respondent oversees or has responsibility over the financial reporting function of the insured depository institution;
- (e) Make certain that any extension of credit made by the insured depository institution with which he is or may become affiliated is properly underwritten in accordance with such insured depository institution’s policies and procedures and in accordance with safe and sound banking practices, including, but not limited to:
 - (i) Obtaining complete borrower financial information sufficient to support and document the borrower’s ability to repay the debt under the proposed terms of the extension of credit; and

- (ii) Obtaining and documenting the value of the collateral in accordance with 12 C.F.R. §§ 34.43 and 34.44;
- (f) Review and familiarize himself with, and adhere to, all written policies and procedures related to lending or credit administration of any insured depository institution or agency with which he is or may become affiliated. In the event that the Respondent is affiliated with an insured depository institution or agency with written policies and procedures that are more stringent than the provisions of this Order, Respondent shall adhere to the written policies and procedures of such insured depository institution or agency;
- (g) Provide the President or Chief Executive Officer of the insured depository institution of which Respondent is currently an IAP with a copy of this Order. Respondent shall provide written certification of compliance with this paragraph (4)(g) to the Director, Enforcement and Compliance Division, Office of the Comptroller of the Currency, 400 7th St., SW, Washington, D.C. 20219, within ten (10) days of execution of this Order; and
- (h) With respect to any future employment, prior to accepting any offer of a position that causes Respondent to become an IAP of an insured depository institution, provide the President or Chief Executive Officer of the 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 St., SW, Washington, D.C. 20219, along with a written certification of his compliance with this paragraph (4)(h) within ten (10) days after acceptance of such position.

(2) If Respondent directs that a loan be placed on nonaccrual status or that a loan be restored to accrual status, at any insured depository institution with which he is or may become affiliated, he shall ensure that the decision is reviewed and approved by his supervisor, unless the decision has been reviewed and approved by a committee that includes at least one senior executive officer. For the purposes of this paragraph, the term “supervisor” shall mean a senior executive officer of the institution who supervises the Respondent. If Respondent holds the highest position in the institution, “supervisor” shall mean the board of directors or an appropriate committee of the board of directors.

(3) In the event that anyone suggests, directs, or advises through any means of influence whatsoever, that Respondent engage or refrain from engaging in any conduct, the commission or omission of which could, to a reasonable person in similar circumstances, constitute a violation of law or regulation (by Respondent or the insured depository institution), an unsafe or unsound practice (by Respondent or the insured depository institution), or a breach of Respondent’s fiduciary duty, Respondent shall promptly report in writing such attempt to influence his conduct to the board of directors of the insured depository institution with which he is or may become affiliated.

(4) If, at any time, Respondent is uncertain whether a situation implicates Article IV of this Order, or if Respondent is uncertain about his duties arising from these or any other requirements of this Order, he shall obtain, at his own expense, and abide by the written advice of counsel regarding his duties and responsibilities with respect to the matter. To comply with

Initials: _____
Date: _____

this paragraph, Respondent shall engage counsel who is in no way affiliated with the insured depository institution; and who has never been subject to any formal sanctions by any Federal banking agency, either by agency order or consent, as disclosed on the banking agencies' web sites.

(5) 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 VIII

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 Notice of Civil Money Penalty Assessment 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 109;
 - (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 United States, the OCC, or any officer, employee, or agent of the OCC, 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 of the Bank) to incur, directly or indirectly, any expense relative to the negotiation and issuance of this Order except as permitted by 12 C.F.R. § 145.121 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 of the Bank) with respect to such amounts except as permitted by 12 C.F.R. § 145.121 and Part 359; provided, however, Respondent may not obtain or accept such indemnification with respect to payment of the civil money penalty.

(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 OCC or any officer, employee, or agent of the OCC 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 OCC agrees not to institute the proceedings referenced in the first whereas clause of this Order for the specific acts, omissions, or violations described 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 OCC 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 OCC from taking any action affecting Respondent if, at any time, the OCC deems it appropriate to do so to fulfill the responsibilities placed upon the OCC by the several laws of the United States.

(6) Nothing in this Order shall preclude any proceedings brought by the OCC to enforce the terms of this Order, and nothing in this Order 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 on the United States, the OCC, or any officer, employee, or agent of the OCC. Respondent expressly acknowledges that no officer, employee, or agent of the OCC has statutory or other authority to bind the United States, the United States Treasury Department, the OCC, or any other federal bank regulatory agency or entity, or any officer, employee, or agent of those entities, to a contract affecting the OCC's exercise of its 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 OCC, through the Comptroller's duly 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 OCC, through the Comptroller's duly authorized representative.

IN TESTIMONY WHEREOF, the undersigned has hereunto set his hand.

s/Craig E. Reay

12/4/2015

Craig E. Reay

Date

IT IS SO ORDERED.

s/Michael R. Brickman

12/9/2015

Michael R. Brickman
Deputy Comptroller for Special Supervision

Date