

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

In the Matter of:)	
)	
Louis A. DeNaples)	AA-EC-09-98
Chairman of the Board and Director)	
First National Community Bank)	
Dunmore, Pennsylvania)	

NOTICE OF CHARGES FOR ISSUANCE OF AN ORDER TO CEASE AND DESIST

Take Notice that on the 21st day of January, 2010, or such other date as determined by the Administrative Law Judge, a hearing will commence in Scranton, Pennsylvania, pursuant to 12 U.S.C. § 1818(b), concerning the charges set forth herein to determine whether an Order should be issued against Louis A. DeNaples (“Respondent”), Chairman of the Board and Director of First National Community Bank, Dunmore, Pennsylvania (“Bank”), by the Comptroller of the Currency of the United States of America (“Comptroller” or “OCC”), requiring Respondent to take affirmative and corrective action pursuant to 12 U.S.C. § 1818(b).

The hearing afforded Respondent shall be open to the public unless the Comptroller, in his discretion, determines that holding an open hearing would be contrary to the public interest.

After examination and investigation into the affairs of the Bank, the Comptroller is of the opinion that Respondent is an institution-affiliated party of the Bank, and has violated, is violating, or has threatened to continue violating section 19 of the Federal

Deposit Insurance Act (“FDI Act”), 12 U.S.C. § 1829, by failing to resign his position as Chairman of the Board and Director of the Bank, following Respondent’s agreement to enter into a pretrial diversion or similar program to resolve criminal charges that involved dishonesty or breach of trust.

In support of this Notice of Charges (“Notice”), the Comptroller charges the following:

Article I

Jurisdiction

At all times relevant to the charges set forth below:

(1) The Bank was 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.

(2) The Bank was an “insured depository institution” as defined in 12 U.S.C. § 1813(c)(2) and within the meaning of 12 U.S.C. § 1818(i)(2).

(3) The Comptroller is the “appropriate Federal banking agency” within the meaning of 12 U.S.C. § 1813(q)(1) and for purposes of 12 U.S.C. § 1818(b), to initiate and maintain an enforcement proceeding against an institution-affiliated party.

(4) Respondent is Chairman of the Board and a 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)). Therefore, Respondent is subject to the authority of the Comptroller to initiate and maintain an enforcement proceeding against Respondent pursuant to 12 U.S.C. § 1818.

Article II

Applicable Statutory Provisions and Factual Allegations

(5) Section 19 of the FDI Act, 12 U.S.C. § 1829, prohibits, without the prior consent of the Federal Deposit Insurance Corporation, any person who has been convicted of any criminal offense involving dishonesty or a breach of trust, or has agreed to enter into a pretrial diversion or similar program in connection with a prosecution for such offense, from becoming, or continuing as, an institution-affiliated party. See 12 U.S.C. § 1829(a)(1)(A)(i).

(6) “Institution-affiliated party” is defined by federal law to include all officers and directors of national banks, pursuant to 12 U.S.C. § 1813(u).

(7) On January 30, 2008, the District Attorney of Dauphin County, Pennsylvania, filed a criminal complaint against Respondent, arising from a presentment of the Fourth Dauphin County Investigating Grand Jury, filed January 23, 2008, recommending that Respondent be charged with four counts of perjury in connection with an application related to a Pennsylvania gaming and slots facility (the “casino”).

(8) On April 15, 2009, Respondent and the Dauphin County District Attorney entered into an Agreement for Withdrawal of Charges (the “Agreement”). The Agreement is attached as Exhibit 1.

(9) The Agreement required Respondent, among other things (i) to irrevocably transfer all of his right, title and interest in the assets and business of the casino to a trust for the benefit of another person (his daughter) and over which he could have no control, (ii) to transfer all profits Respondent earned from the casino during the suspension of his gaming license, (iii) not to exercise any legal control over the casino or the trust to which the casino had been transferred, (iv) to pay the costs of prosecution by the Dauphin County District Attorney, and (vi) to provide quarterly reports to the Dauphin County District Attorney concerning Respondent’s compliance with the Agreement.

(10) The Agreement also provides that, upon consent by Respondent to the terms of the Agreement, the Dauphin County District Attorney would withdraw all pending criminal charges set forth in the Criminal Complaint.

(11) The Agreement provides that, upon a material breach of any term of the Agreement by Respondent, all and any counts of the Criminal Complaint may be re-filed and the related proceedings re-instated. Respondent waived any statute of limitations or speedy trial defenses if the charges were reinstated.

(12) On April 16, 2009, the Dauphin County District Attorney sought and received permission from the Court of Common Pleas of Dauphin County, Pennsylvania to enter a *nolle prosequi* with respect to the criminal charges against Respondent.

(13) Following issuance of the criminal charges in January 2008, on February 7, 2008, the Bank announced that Respondent was taking a “temporary” leave of absence as Chairman and Director of the Bank. On or around the same date, the OCC suspended Respondent pursuant to 12 U.S.C. § 1818(g) as a result of the criminal charges. Respondent did not seek judicial review of his OCC-ordered suspension. Since 12 U.S.C. § 1829 became applicable to Respondent, the Bank has not announced that Respondent has resigned as Chairman and Director.

(14) On April 17, 2009, the OCC sent Respondent a letter informing him that: “Because your pretrial diversion agreement is based on a crime that involves dishonesty or a breach of trust, you are subject to the prohibitions set forth in 12 U.S.C. §§ 1829 * * *.” The letter instructed Respondent that section 1829 prohibits him from participating in any manner in the conduct of the affairs of any insured depository institution or any bank holding company. The OCC’s letter to Respondent is attached as Exhibit 2.

(15) On July 14, 2009, the OCC again wrote to Respondent, through counsel, reiterating that Respondent was subject to the prohibition of 12 U.S.C. § 1829. This second OCC letter noted “Mr. DeNaples maintains that his absence from the Board of Directors of the Bank is a ‘temporary’ leave of absence,” and directed “Mr. DeNaples [to]

take immediate steps to inform the Board of Directors that he may no longer serve in any capacity as an IAP of the Bank, and indicate that his absence is permanent, rather than temporary in nature.” The OCC’s second letter is attached as Exhibit 3.

(16) Respondent declined to comply with the OCC’s letters, and remains Chairman and a Director of the Bank.

(17) As of the date of this Notice, Respondent has not sought or received the permission of the Federal Deposit Insurance Corporation to become or continue as an institution-affiliated party of the Bank.

(18) By reasons of the facts alleged in paragraphs (7) through (17), Respondent caused, brought about, participated in, counseled, or aided or abetted violations of 12 U.S.C. § 1829, in that (i) by executing the Agreement, he entered into a pretrial diversion or similar program in connection with a prosecution for perjury, a criminal offense involving dishonesty or a breach of trust, and (ii) after entering such Agreement, and without the prior written consent of the Federal Deposit Insurance Corporation, he continued and continues as an institution-affiliated party of the Bank.

(19) Through the acts described above in this Article, Respondent has met the statutory factors for the imposition of a personal cease and desist order by the Comptroller. Respondent has violated federal law, continues to violate such law, and has threatened to continue such violation.

Respondent is directed to file a written answer to this Notice within twenty (20) days from the date of service of this Notice in accordance with 12 C.F.R. § 19.19(a) and (b). The original and one copy of any answer shall be filed with the Office of Financial Institution Adjudication, Federal Deposit Insurance Corporation, 3501 N. Fairfax Drive, Suite VS-D8113, Arlington, Virginia 22226-3500. Respondent is encouraged to file any answer electronically with the Office of Financial Institution Adjudication at ofia@fdic.gov. A copy of any answer shall also be filed with the Hearing Clerk, Office of the Chief Counsel, Office of the Comptroller of the Currency, Washington, D.C. 20219 and with the attorney whose name appears on the accompanying certificate of service.

Failure to answer within this time period shall constitute a waiver of the right to appear and contest the allegations contained in this Notice, and shall, upon the Comptroller's motion, cause the administrative law judge or the Comptroller to find the facts in this Notice to be as alleged, upon which an appropriate order may be issued.

PRAYER FOR RELIEF

The Comptroller prays for relief in the form of the issuance of a Personal Cease and Desist Order against Respondent, as set forth in the attached proposed order.

Witness, my hand on behalf of the Office of the Comptroller of the Currency,
given at Washington, D.C. this 24th day of November 2009.

signed

Henry Fleming
Director for Special Supervision