

**UNITED STATES OF AMERICA**  
**Before the**  
**OFFICE OF THRIFT SUPERVISION**

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In the Matter of )	Order No.: CN 11-22
)	
<b>RIPLEY FEDERAL SAVINGS BANK</b> )	Effective Date: July 1, 2011
)	
Ripley, Ohio )	
OTS Docket No. 03280 )	
_____ )	

**AMENDED ORDER TO CEASE AND DESIST**

**WHEREAS**, Ripley Federal Savings Bank, Ripley, Ohio, OTS Docket No. 03280 (Association), by and through its Board of Directors (Board), has executed a Stipulation and Consent to Issuance of Amended Order to Cease and Desist (Stipulation); and

**WHEREAS**, the Association, by executing the Stipulation, has consented and agreed to the issuance of this Amended Order to Cease and Desist (Amended Order) by the Office of Thrift Supervision (OTS) pursuant to 12 U.S.C. § 1818(b); and

**WHEREAS**, pursuant to delegated authority, the OTS Regional Director for the Central Region (Regional Director), is authorized to issue amended orders to cease and desist where a savings association has consented to the issuance of an amended order.

**NOW, THEREFORE, IT IS ORDERED that:**

**Compliance with Laws, Rules, and Regulations.**

1. The Association, its institution-affiliated parties,<sup>1</sup> and its successors and assigns, shall cease and desist from any action (alone or with others) for or toward causing, bringing about, participating in, counseling, or aiding and abetting the unsafe or unsound banking practices that resulted in the Association operating with: (a) an excessive level of adversely classified assets; (b) inadequate earnings to augment capital; and (c) a board of directors that has failed to exercise adequate supervision over and provide adequate direction to management as described in the OTS Report of Examination of the Association dated January 18, 2011 (2011 ROE).

**Amendment of Existing Order.**

2. This Amended Order amends the Order to Cease and Desist (OTS Order No. CN 09-02) that was previously issued by the OTS against the Association on January 21, 2009 (2009 Order), which remains in full force and effect. The 2009 Order is hereby amended by the addition of the following:

***Allowance for Loan and Lease Losses.***

*35. By July 31, 2011, the Association shall revise its policies, procedures, and methodology relating to the timely establishment and maintenance of an adequate allowance for loan and lease losses (ALLL) level (ALLL Policy) to ensure that it addresses all corrective actions set forth in the 2011 ROE relating to ALLL. The ALLL Policy shall comply with applicable laws, regulations, and regulatory guidance and shall include written procedures for:*

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<sup>1</sup> The term “institution-affiliated party” is defined at 12 C.F.R. § 1813(u).

(a) *determining whether a loan is impaired and measuring the amount of impairment, consistent with Accounting Standards Codification 310-10 (formerly known as FASB Statement of Financial Accounting Standards No. 114);*

(b) *segmenting the loan portfolio and estimating loss on groups of loans, consistent with Accounting Standards Codification 310-10 and 450-20 (formerly known as FASB Statement of Financial Accounting Standards No. 5, Accounting for Contingencies);and*

(c) *validating the ALLL methodology.*

36. *Within thirty (30) days, the Association shall submit to the Regional Director the name of a qualified and independent third party that will prepare a written report assessing: (a) the adequacy and effectiveness of the Association's ALLL methodology; and (b) the sufficiency of the Association's ALLL level as of June 30, 2011 (ALLL Analysis Report).*

37. *Within thirty (30) days after the Association receives written notice from the Regional Director of non-objection to the third party, the ALLL Analysis Report shall be simultaneously submitted to the Association and Regional Director.*

**Real Estate Owned.**

38. *Within sixty (60) days, the Association shall revise its written policy and procedures relating to real estate owned (REO) to ensure that it addresses all corrective actions in the 2011 ROE relating to REO (REO Policy). The REO Policy shall comply with applicable laws, regulations, and regulatory guidance and shall:*

(a) *require that each REO receive a timely appraisal in accordance with applicable law, regulation, and regulatory guidance; and*

(b) require development of a written analysis for each REO property that compares the cost to carry the REO property against the financial benefits of a near-term sale of the REO property .

**Contingency Funding Plan.**

39. Within forty-five (45) days, the Association shall develop a contingency funding plan (Contingency Funding Plan) that is acceptable to the Regional Director and addresses all corrective actions set forth in the 2011 ROE relating to liquidity and funds management. The Contingency Funding Plan shall comply with all applicable laws, regulations and regulatory guidance and include:

(a) alternative funding sources for meeting extraordinary demands or to provide liquidity in the event the sources identified are insufficient. Such alternative funding sources must consider, at a minimum, the selling of assets, obtaining secured lines of credit, recovering charged-off assets, injecting additional equity capital, and the priority of their implementation;

(b) appropriate lines of credit at correspondent banks, including the Federal Reserve Bank, that would allow the Association to borrow funds to meet depositor demands if the Association's other provisions for liquidity prove to be inadequate; and

(c) retention of investment securities and other identified categories of investments that can be liquidated or pledged in a reasonably short period of time and at minimal expense to the Association in amounts sufficient (as a percentage of the Association's total assets) to ensure the maintenance of the Association's

*liquidity position at a level consistent with short-and-long-term liquidity objectives.*

*40. Within fifty (50) days, the Association shall submit its Contingency Funding Plan to the Regional Director for review and comment. Upon receipt of written notification from the Regional Director that the Contingency Funding Plan is acceptable, the Association shall implement and adhere to the Contingency Funding Plan.*

*41. Beginning on August 1, 2011, the Association shall submit to the Regional Director a monthly written assessment of its current liquidity position (Liquidity Report). The Liquidity Report shall be acceptable to the Regional Director and include an assessment of the Association's compliance with its Contingency Funding Plan, once such plan is accepted by the Regional Director. At a minimum, the Liquidity Report shall include:*

- (a) cash on hand;*
- (b) a maturity schedule of certificates of deposit, including, but not limited to, uninsured deposits and brokered deposits;*
- (c) the volatility of demand deposits, including escrow deposits;*
- (d) a schedule of all funding obligations, including money market accounts, unfunded loan commitments, outstanding lines of credit and outstanding letters of credit;*
- (e) a listing of funding sources, including federal funds sold; unpledged assets and assets available for sale; and borrowing lines by lender, including original*

*amount, remaining availability, type and book value of collateral pledged, terms, and maturity date, if applicable;*

*(f) an analysis of the continuing availability and volatility of present funding sources;*

*(g) an analysis of the impact of decreased cash flow from the Association's loan portfolio resulting from delinquent and non-performing loans; and*

*(h) an analysis of the impact of decreased cash flow from the sale of loans or loan participations.*

**Contingency Plan.**

*42. Within fifteen (15) days after: (a) the Association fails to meet the capital requirements prescribed in Paragraph 8 of the 2009 Order; or (b) any written request from the Regional Director, the Association shall submit a written Contingency Plan that is acceptable to the Regional Director.*

*43. The Contingency Plan shall detail the actions to be taken, with specific time frames, to achieve one of the following results by the later of the date of receipt of all required regulatory approvals or sixty (60) days after the implementation of the Contingency Plan: (a) merger with, or acquisition by, another federally insured depository institution or holding company thereof; or (b) voluntary dissolution by filing an appropriate application with the OTS in conformity with applicable laws, regulations and regulatory guidance.*

*44. Upon receipt of written notification from the Regional Director, the Association shall implement and adhere to the Contingency Plan immediately. The Association shall provide the Regional Director with written status reports detailing the Association's*

*progress in implementing the Contingency Plan by no later than the first (1<sup>st</sup>) and fifteenth (15<sup>th</sup>) of each month following implementation of the Contingency Plan.*

**Bank Secrecy Act.**

45. *Effective immediately, the Association shall respond to information sharing requests issued pursuant to section 314(a) of the USA Patriot Act, 31 U.S.C. §§ 5311 et seq. from the U.S. Department of Treasury, Financial Crimes Enforcement Network (FinCEN) within two (2) weeks of receiving such requests.*

**Overdraft Policy.**

46. *Within sixty (60) days, the Association shall prepare and submit to the Regional Director a written policy concerning the Association's extension of overdrafts (Overdraft Policy) that complies with all applicable laws, regulations and regulatory guidance and addresses all corrective actions set forth in the 2011 ROE relating to the Association's overdraft practices. Upon receipt of written notification from the Regional Director that the Overdraft Policy is acceptable, the Association shall implement and adhere to the Overdraft Policy.*

3. The 2009 Order is also hereby amended by the deletion of the current language in Paragraph 24 of the 2009 Order and the insertion of the following language into Paragraph 24 of the 2009 Order:

24. *Effective immediately, the Association shall comply with the requirements of 12 C.F.R. § 337.6(b). The Association shall provide to the Regional Director a copy of any waiver request submitted to the Federal Deposit Insurance Corporation.*

**Effective Date of Amended Order, Incorporation of Stipulation.**

4. This Amended Order is effective on the Effective Date as shown on the first page. The Stipulation is made a part hereof and is incorporated herein by this reference.

**Transfer Date.**

5. Following the Transfer Date, *see* Dodd-Frank Wall Street Reform and Consumer Protection Act, Pub. Law No. 111-203, § 311, 124 Stat. 1520 – 21 (2010), all submissions, requests, communications, consents or other documents relating to the 2009 Order and this Amended Order shall be directed to the Comptroller of the Currency, or to the individual, division, or office designated by the Comptroller of the Currency.

**IT IS SO ORDERED.**

**OFFICE OF THRIFT SUPERVISION**

By: \_\_\_\_\_ /s/  
Daniel T. McKee, Regional Director  
Central Region

**UNITED STATES OF AMERICA**  
**Before the**  
**OFFICE OF THRIFT SUPERVISION**

In the Matter of	)	Order No.: CN 11-22
	)	
<b>RIPLEY FEDERAL SAVINGS BANK</b>	)	Effective Date: July 1, 2011
	)	
Ripley, Ohio	)	
OTS Docket No. 03280	)	

**STIPULATION AND CONSENT TO ISSUANCE OF**  
**AMENDED ORDER TO CEASE AND DESIST**

**WHEREAS**, the Office of Thrift Supervision (OTS), acting by and through its Regional Director for the Central Region (Regional Director), issued an Order to Cease and Desist (OTS Order No. CN 09-02) against Ripley Federal Savings Bank, Ripley, Ohio, OTS Docket No. 03280 (Association), pursuant to 12 U.S.C. § 1818(b), that became effective on January 21, 2009 (2009 Order); and

**WHEREAS**, the Regional Director, pursuant to delegated authority, is authorized to modify the 2009 Order where the Association has consented to the issuance of an amended order to cease and desist; and

**WHEREAS**, the Association desires to cooperate with the OTS to avoid the time and expense of an administrative cease-and-desist proceeding by entering into this Stipulation and Consent to Issuance of Amended Order to Cease and Desist (Stipulation) and, without admitting or denying that such grounds exist, but only admitting the statements and conclusions in Paragraphs 1 and 2 below concerning Jurisdiction, hereby stipulates and agrees to the following

terms:

**Jurisdiction.**

1. The Association is a “savings association” within the meaning of 12 U.S.C. § 1813(b) and 12 U.S.C. § 1462(4). Accordingly, the Association is “an insured depository institution” as that term is defined in 12 U.S.C. § 1813(c).

2. Pursuant to 12 U.S.C. § 1813(q), the Director of the OTS is the “appropriate Federal banking agency” with jurisdiction to maintain an administrative enforcement proceeding against a savings association. Therefore, the Association is subject to the authority of the OTS to initiate and maintain an administrative cease-and-desist proceeding against it pursuant to 12 U.S.C. § 1818(b).

**OTS Findings of Fact.**

3. Based on its January 18, 2011 examination of the Association, the OTS finds that the Association has engaged in unsafe or unsound practices and/or violations of law or regulation by operating with: (a) an excessive level of adversely classified assets; (b) inadequate earnings to augment capital; and (c) a board of directors that has failed to exercise adequate supervision over and provide adequate direction to management as described in the OTS Report of Examination dated January 18, 2011 (2011 ROE).

**Consent.**

4. The Association consents to the issuance by the OTS of the accompanying Amended Order to Cease and Desist (Amended Order). The Association further agrees to comply with the terms of the Amended Order upon the Effective Date of the Amended Order and stipulates that the Amended Order complies with all requirements of law.

**Finality.**

5. The Amended Order is issued by the OTS under 12 U.S.C. § 1818(b) and upon the Effective Date it shall be a final order, effective and fully enforceable by the OTS under the provisions of 12 U.S.C. § 1818(i).

**Waivers.**

6. The Association waives the following:

- (a) the right to be served with a written notice of the OTS's charges against it as provided by 12 U.S.C. § 1818(b) and 12 C.F.R. Part 509;
- (b) the right to an administrative hearing of the OTS's charges as provided by 12 U.S.C. § 1818(b) and 12 C.F.R. Part 509;
- (c) the right to seek judicial review of the Amended Order, including, without limitation, any such right provided by 12 U.S.C. § 1818(h), or otherwise to challenge the validity of the Amended Order; and
- (d) any and all claims against the OTS, including its employees and agents, and any other governmental entity for the award of fees, costs, or expenses related to this OTS enforcement matter and/or the Amended Order, whether arising under common law, federal statutes or otherwise.

**OTS Authority Not Affected.**

7. Nothing in this Stipulation or accompanying Amended Order shall inhibit, estop, bar or otherwise prevent the OTS from taking any other action affecting the Association if at any time the OTS deems it appropriate to do so to fulfill the responsibilities placed upon the OTS by law.

**Other Governmental Actions Not Affected.**

8. The Association acknowledges and agrees that its consent to the issuance of the

Amended Order is solely for the purpose of resolving the matters addressed herein, consistent with Paragraph 7 above, and does not otherwise release, discharge, compromise, settle, dismiss, resolve, or in any way affect any actions, charges against, or liability of the Association that arise pursuant to this action or otherwise, and that may be or have been brought by any governmental entity other than the OTS.

**Miscellaneous.**

9. The laws of the United States of America shall govern the construction and validity of this Stipulation and of the Amended Order.

10. If any provision of this Stipulation and/or the Amended Order is ruled to be invalid, illegal, or unenforceable by the decision of any Court of competent jurisdiction, the validity, legality, and enforceability of the remaining provisions hereof shall not in any way be affected or impaired thereby, unless the Regional Director in his or her sole discretion determines otherwise.

11. All references to the OTS in this Stipulation and the Amended Order shall also mean any of the OTS's predecessors, successors, and assigns.

12. The section and paragraph headings in this Stipulation and the Amended Order are for convenience only and shall not affect the interpretation of this Stipulation or the Amended Order.

13. The terms of this Stipulation and of the Amended Order represent the final agreement of the parties with respect to the subject matters thereof, and constitute the sole agreement of the parties with respect to such subject matters.

14. The Stipulation and Amended Order shall remain in effect until terminated, modified, or suspended in writing by the OTS, acting through its Regional Director or other authorized representative.

**Signature of Directors/Board Resolution.**

15. Each Director signing this Stipulation attests that he or she voted in favor of a Board Resolution authorizing the consent of the Association to the issuance of the Amended Order and the execution of the Stipulation. This Stipulation may be executed in counterparts by the directors after approval of execution of the Stipulation at a duly called board meeting or after a duly authorized written consent of the Board in lieu of a meeting.

**WHEREFORE**, the Association, by its directors, executes this Stipulation.

**RIPLEY FEDERAL SAVINGS BANK  
Ripley, Ohio**

**OFFICE OF THRIFT SUPERVISION**

\_\_\_\_\_/s/  
William R. Geschwind, Chairman

By: \_\_\_\_\_/s/  
Daniel T. McKee  
Regional Director  
Central Region

\_\_\_\_\_/s/  
John P. Cropper, Director

Date: See Effective Date on page 1

\_\_\_\_\_/s/  
Danny R. Grooms, Director

\_\_\_\_\_/s/  
Kenneth D. Morrison, Director

\_\_\_\_\_/s/  
David E. Poole, Director