

FEDERAL DEPOSIT INSURANCE CORPORATION

WASHINGTON, D.C.

_____	)	
In the Matter of	)	NOTICE OF INTENTION
	)	TO PROHIBIT FROM
RICHARD S. BLOSSMAN, JR., individually	)	FURTHER PARTICIPATION
and as an institution-affiliated party of	)	
	)	AND
	)	
CENTRAL PROGRESSIVE BANK	)	NOTICE OF ASSESSMENT OF
LACOMBE, LOUISIANA	)	CIVIL MONEY PENALTY,
	)	FINDINGS OF FACT AND
	)	CONCLUSIONS OF LAW, ORDER
	)	TO PAY, AND NOTICE OF
	)	HEARING
	)	
(INSURED STATE NONMEMBER BANK)	)	FDIC-10-605e and
_____	)	FDIC-10-604k

The Federal Deposit Insurance Corporation ("FDIC") has determined that Richard S. Blossman, Jr. ("Respondent"), individually, as an officer, director, and institution-affiliated party of Central Progressive Bank, Lacombe, Louisiana ("Bank"), violated laws and regulations, engaged or participated in unsafe or unsound banking practices, or committed or engaged in acts, omissions, or practices which constitute breaches of his fiduciary duties to the Bank; that Respondent received a benefit as a result of such violations, practices, and breaches of fiduciary duties; and that such violations, practices, and breaches of fiduciary duties demonstrate Respondent's personal dishonesty or willful or continuing disregard for the safety or soundness of the Bank.

Further, the FDIC has determined that Respondent's violations of laws or regulations, reckless unsafe or unsound practices, or breaches of fiduciary duties were part of a pattern and

practice of misconduct and resulted in pecuniary gain or other benefit to Respondent.

The FDIC, therefore, institutes this proceeding for the purpose of determining whether an appropriate ORDER OF PROHIBITION FROM FURTHER PARTICIPATION (“ORDER OF PROHIBITION”) should be issued against Respondent pursuant to the provisions of 12 U.S.C. § 1818(e), prohibiting Respondent from further participation in the conduct of the affairs of the Bank and any other insured depository institution or organization listed in 12 U.S.C. § 1818(e)(7)(A), without the prior written consent of the FDIC and such other appropriate Federal financial institutions regulatory agency, as that term is defined in 12 U.S.C. § 1818(e)(7)(D).

Further, the FDIC institutes this proceeding for the assessment of civil money penalties pursuant to the provisions of 12 U.S.C. § 1818(i)(2)(B).

The FDIC hereby issues this NOTICE OF INTENTION TO PROHIBIT FROM FURTHER PARTICIPATION (“NOTICE TO PROHIBIT”) pursuant to the provisions of 12 U.S.C. § 1818(e) and this NOTICE OF ASSESSMENT OF CIVIL MONEY PENALTY, FINDINGS OF FACT AND CONCLUSIONS OF LAW, ORDER TO PAY, AND NOTICE OF HEARING (“NOTICE OF ASSESSMENT”) pursuant to 12 U.S.C. § 1818(i) and 12 C.F.R. Part 308 and alleges as follows:

**FINDINGS OF FACT AND CONCLUSIONS OF LAW**

## ***BACKGROUND***

1. At all times pertinent to the charges herein, the Bank was a corporation existing and doing business under the laws of the State of Louisiana, having its principal place of business in Lacombe, Louisiana.

2. At all times pertinent to the charges herein, the Bank has been an insured State nonmember bank, as defined in 12 U.S.C. § 1813(e) and, as such, is subject to the Federal Deposit Insurance Act (“Act”), 12 U.S.C. § 1811 *et seq.*, the Rules and Regulations of the FDIC, 12 C.F.R. Chapter III, and the laws of the State of Louisiana.

3. At all times pertinent to the charges herein, Respondent was an “institution-affiliated party” of the Bank as that term is defined in 12 U.S.C. § 1813(u).

4. At all times pertinent to the charges herein, the Bank is and has been subject to 12 U.S.C. § 375b and Regulation O of the Board of Governors of the Federal Reserve System, 12 C.F.R. § 215, (“Regulation O”) promulgated thereunder and made applicable to insured State nonmember banks by section 12 U.S.C. § 1828(j)(2) and 12 C.F.R. § 337.3.

5. At all times pertinent to the violations of Regulation O alleged in this proceeding, Respondent was a “director” of the Bank, as that term is defined by 12 C.F.R. § 215.2(d)(1), an “executive officer” of the Bank, as that term is defined by 12 C.F.R. § 215.2(e)(1), and an “insider” of the Bank, as that term is defined by 12 C.F.R. § 215.2(h).

6. The FDIC has jurisdiction over the Bank, Respondent, and the subject matter of this proceeding.

7. The FDIC is the “appropriate Federal banking agency” with respect to the Bank within the meaning of 12 U.S.C. § 1813(q)(3).

8. At all times relevant to the charges herein, Respondent held positions as Chairman of the Board, Chief Executive Officer, and director at the Bank until his resignation from these positions on September 24, 2009, January 27, 2010, and August 11, 2010, respectively.

9. The Bank is wholly-owned by Blossman Bancshares, Inc. The Blossman family controls 84 percent of the outstanding stock of Blossman Bancshares, Inc.

***VIOLATIONS OF LAWS AND REGULATIONS, BREACHES OF FIDUCIARY DUTIES, AND UNSAFE OR UNSOUND PRACTICES***

10. Between April 15, 2005, and July 14, 2009, Respondent violated laws and regulations, engaged and participated in unsafe or unsound practices in connection with the Bank, breached his fiduciary duties to the Bank, and engaged in a reckless pattern and practice of (i) nominee lending to Heavy Moon, LLC (“Heavy Moon”), a company owned and controlled by Respondent’s father, Richard S. Blossman, Sr. (“Blossman, Sr.”) in the amount of \$1,650,000 (“Heavy Moon Loan”); (ii) misapplication of Bank funds and loan misrepresentations with regard to a purported home construction loan in the amount of \$312,000 (“Construction Loan”); (iii) violations of Regulation O by receiving the tangible economic benefit of the Heavy Moon Loan and by obtaining the Construction Loan under false pretenses; (iv) concealing from the Bank, its Board of Directors, and its regulators his interest in the Heavy Moon Loan and the true purpose of the Construction Loan; and (v) and making material misrepresentations to the Bank, its Board of Directors, and its regulators regarding his interest in the Heavy Moon Loan and the true purpose of the Construction Loan .

**Heavy Moon Loans**

11. Heavy Moon is a Louisiana limited liability company that was organized by Blossman, Sr. in 2003.

12. On April 15, 2005, the Bank approved a line of credit in the amount of \$1,650,000 to Heavy Moon.

13. Blossman, Sr. signed the note on behalf of Heavy Moon and personally guaranteed the loan.

14. The proceeds of the Heavy Moon Loan were deposited into Heavy Moon's demand deposit account at the Bank.

15. Blossman, Sr. then transferred the funds from Heavy Moon's account into his personal account at the Bank.

16. Also on April 15, 2005, Susan Blossman Pierce ("Pierce"), Blossman, Sr.'s sister, created The Pierce Transaction Trust ("PTT").

17. The beneficiaries of the PTT are Respondent, his siblings, and step-mother.

18. The PTT terminated by its own terms on January 10, 2007.

19. The trustee of the PTT was Parish National Bank, Covington, Louisiana.

20. On April 15, 2005, the PTT entered into an agreement with Pierce to purchase 16,000 shares of Blossman Bancshares, Inc. ("Blossman Bancshares") from Pierce for the sum of \$1,889,936.

21. Blossman Bancshares owns 100 percent of the Bank.

22. In order to fund the acquisition of Blossman Bancshares stock from Pierce, Blossman, Sr. loaned the Heavy Moon Loan proceeds to the PTT.

23. On April 15, 2005, the PTT executed a promissory note to Blossman, Sr. in the amount of \$1,889,936.

24. The promissory note was a single-pay note bearing 6 percent interest due on January 10, 2007, and subject to the terms of a loan agreement of even date.

25. The PTT promissory note was signed by Edward A. Griffis, the Senior Trust Officer for Parish National Bank.

26. On April 15, 2005, Blossman, Sr. wrote a personal check payable to Parish National Bank Trust Department in the amount of \$1,889,936.

26. According to the loan agreement between Blossman, Sr. and the PTT, the liability of the trustee on the note was *in rem*.

27. According to the loan agreement, if the stock was not sold by the maturity date of the note, the trustee could satisfy the indebtedness on the loan by transferring on the due date of the note the unsold shares of Blossman Bancshares regardless of its value. Blossman, Sr. agreed to accept the stock in full satisfaction of the indebtedness.

28. In 2006, 2007, and 2008, the PTT executed proxies to Respondent and his sister, Ann Blossman Dunn (“Dunn”) to vote the 16,000 shares of Blossman Bancshares stock as they deemed appropriate.

29. In 2006, 2007, and 2008, Respondent and/or Dunn voted the PTT shares for, among other things, election of Bank directors.

30. In 2006, 2007, and 2008, Respondent and Dunn were nominated as Bank directors, along with four others in 2006 and 2007 and three others in 2008.

31. In 2006, 2007, and 2008, Respondent and Dunn voted the PTT’s 16,000 shares of

stock in favor of electing themselves to the Bank's board of directors.

32. Blossman, Sr. has never made interest payments on the \$1,650,000 Heavy Moon Loan.

33. Respondent authorized the Bank to automatically debit his demand deposit account, account # 319, to pay the monthly interest payments due on the Heavy Moon Loan.

34. Respondent made payments on the Heavy Moon Loan as follows:

<b>Date</b>	<b>Account #</b>	<b>Amount</b>
5/13/2005	___319	\$ 7,814.57
5/20/2005	___319	\$ 2,236.21
7/1/2005	___319	\$ 9,136.50
7/26/2005	___319	\$ 8,925.03
8/15/2005	___319	\$ 10,000.00
8/15/2005	___437	\$ 335.42
2/15/2006	___319	\$ 67,042.69
3/30/2006	___319	\$ 15,445.83
5/5/2006	___319	\$ 5,683.33
5/31/2006	___319	\$ 10,656.25
6/15/2006	___319	\$ 11,423.96
7/21/2006	___319	\$ 11,183.34
8/15/2006	___319	\$ 11,721.87
9/15/2006	___319	\$ 11,721.88
10/16/2006	___319	\$ 11,343.75
11/16/2006	___319	\$ 11,721.87
12/18/2006	___319	\$ 11,343.75
<b>Total</b>		<b>\$ 217,736.25</b>

35. On December 15, 2006, the Bank originated another loan to Heavy Moon in the amount of \$1,990,820.04, loan No. \_\_\_1124 ("Consolidated Heavy Moon Loan").

36. The purpose of the Consolidated Heavy Moon Loan was to combine the amounts outstanding on Heavy Moon loan number \_\_\_1121, which was a loan made to Heavy Moon in 2003 that had a \$340,820.04 outstanding principal balance as of December 15, 2006, and the \$1,650,000 outstanding balance due on the Heavy Moon Loan.

37. The \$1,650,000 outstanding principal balance of the Heavy Moon Loan that was combined in the Consolidated Heavy Moon Loan represented approximately 83 percent of the principal amount of the Consolidated Heavy Moon Loan.

38. Blossman, Sr. signed the Consolidated Heavy Moon Loan on behalf of Heavy Moon and personally guaranteed the loan.

39. The Consolidated Heavy Moon Loan was payable in 35 monthly principal installments of \$11,060.12, plus monthly interest payments on the outstanding principal balance at a variable rate, with a final installment of \$1,614,741.40 due on December 15, 2009.

40. From February 6, 2007, until June 16, 2008, Respondent paid approximately 83 percent of the interest that accrued on the Consolidated Heavy Moon Loan.

41. Respondent made payments on the Consolidated Heavy Moon Loan as follows:

<b>Date</b>	<b>Account #</b>	<b>Amount</b>
2/6/2007	___319	\$ 11,722.03
2/26/2007	___319	\$ 11,722.03
3/15/2007	___319	\$ 10,587.64
4/18/2007	___319	\$ 11,722.03
5/15/2007	___319	\$ 11,343.90
6/18/2007	___319	\$ 11,722.03
7/16/2007	___319	\$ 11,343.90
8/16/2007	___319	\$ 11,343.90
9/17/2007	___319	\$ 11,722.03
10/15/2007	___319	\$ 10,656.30
11/15/2007	___319	\$ 10,656.25
12/17/2007	___319	\$ 10,312.50
1/15/2008	___319	\$ 10,300.99
2/15/2008	___319	\$ 8,880.00
3/18/2008	___319	\$ 7,975.00
4/15/2008	___319	\$ 7,495.53
5/15/2008	___319	\$ 6,875.10
6/16/2008	___319	\$ 7,104.27
<b>Total</b>		<b>\$ 183,485.43</b>

42. The percentage of interest paid by Respondent each month increased slightly each month because Blossman, Sr. made principal reductions.

43. The principal reductions made by Blossman, Sr. were applied, pursuant to an understanding between Blossman, Sr. and Respondent, to the \$340,820.04 principal balance Blossman, Sr. owed on the 2003 Heavy Moon loan that was consolidated with the Heavy Moon Loan.

44. Respondent's 2007 Federal income tax return listed an interest deduction in the amount of \$157,999 on Schedule B of his return for home mortgage interest paid to the Bank.

45. The total amount of interest paid on the Consolidated Heavy Moon Loan in 2007 was \$157,999.70.

46. The Heavy Moon Loan proceeds are considered extensions of credit to Respondent because the proceeds were used for Respondent's tangible economic benefit, pursuant to 12 C.F.R. § 215.3(f), and are, therefore, subject to all of the provisions of Regulation O.

47. The tangible economic benefits Respondent received consisted of direct and indirect ownership interests in the stock purchased from Pierce; control of the stock through proxies executed by the trustee of the PTT to Respondent and Dunn; the ability to vote the stock to elect himself a director of the Bank; and a Federal income tax deduction of \$157,999 for the interest he paid on the Consolidated Heavy Moon Loan.

48. Receipt of the Heavy Moon Loan proceeds caused Respondent to exceed the "other purpose loan" limitations imposed by Regulation O because that diversion brought his total "other purpose loans" to well over \$100,000. Therefore, from April 15, 2005, until at least June 16, 2008 (the last interest payment made by Respondent from his checking account at the Bank),

Respondent violated Regulation O by permitting the Bank to make extensions of credit for Respondent's tangible economic benefit that exceeded the \$100,000 threshold for "other purpose loans" to executive officers found in 12 C.F.R. § 215.5(c)(4).

49. Twelve C.F.R. § 215.6 prohibits an executive officer or a director of a bank from knowingly receiving, directly or indirectly, any extension of credit not authorized under Regulation O. Respondent knowingly received extensions of credit, directly and indirectly, in violation of this section when he received the tangible economic benefit of the Heavy Moon Loan and the Consolidated Heavy Moon Loan proceeds.

50. Twelve C.F.R. § 215.4(b)(2) provides that a bank may not extend credit to any insider of the bank or insider of its affiliates in an amount that, when aggregated with all other extensions of credit to that person, and all related interests of that person, exceeds \$500,000, except by complying with the requirements of paragraph (b) of Section 215.4. Paragraph (b) of Section 215.4 provides that extensions of credit to insiders and their related interests must have been approved in advance by a majority of the entire board of directors of that bank, and the interested party must abstain from participating directly or indirectly in the voting.

51. Although the Bank's board of directors approved the Heavy Moon Loan and the Consolidated Heavy Moon Loan, the board did not approve those loans as Regulation O loans as required by Section 215.4(b)(1)(i) of Regulation O because Respondent concealed his interest in those loans from the Bank's board of directors. Respondent therefore violated and caused the Bank to violate 12 C.F.R. § 215.4(b)(1)(i).

52. Respondent abstained from voting for approval of the Heavy Moon Loan, but he violated, and caused the Bank to violate, 12 C.F.R. § 215.4(b)(ii) because he did not abstain from

voting for approval of the Consolidated Heavy Moon Loan.

**Respondent's Alleged Home Purchase Loan**

53. On December 2, 2008, Respondent used the proceeds of a \$249,491.77 check issued to him by Diversified Commercial Investments Corporation (“Diversified”), a related interest of Blossman, Sr., to purchase a home at \_\_\_\_ \_\_\_\_\_, Covington, Louisiana.

54. Respondent deposited the check into his personal checking account at the Bank.

55. Respondent used the funds to purchase a Bank Cashiers Check in the amount of \$249,491.77 payable to Winters Title.

56. Winters Title was the closing agent for Respondent's purchase of his residence.

57. The purchase price of the property was \$248,500.

58. Approximately two months later, on January 21, 2009, Respondent borrowed \$312,000 from the Bank with interest only for 12 months, with the balance due on February 3, 2010, for the purpose of “construction of personal residence.”

59. The mortgage securing the Construction Loan was dated December 2, 2008, the same date that Diversified issued the check to Respondent to pay for the home located at \_\_\_\_\_. That purpose of “construction of a residence” intentionally misrepresented the purpose of this Construction Loan.

60. On January 21, 2009, Respondent deposited the proceeds of the Construction Loan in his personal checking account at the Bank.

61. Between January 21, 2009, and July 14, 2009, Respondent did not use the Construction Loan proceeds for construction, remodeling, or purchase of a residence.

62. Respondent used the Construction Loan proceeds for a number of personal reasons, including, but not limited to:

- a. An advance to one of his related interests, RSB 1, LLC, in the amount of \$123,365.82;
- b. A check to the Internal Revenue Service in the amount of \$70,000; and
- c. A check in the amount of \$97,000 to the Bank to pay off the balance on his unsecured \$100,000 line of credit at the Bank.

63. On July 14, 2009, Respondent borrowed money from a Bank mortgage subsidiary, Central Progressive Bank Mortgage (“CPB Mortgage”), to pay off the Construction Loan.

64. Between January 21, 2009, and July 14, 2009, Respondent maintained a balance of between \$60,000 and \$97,000 on his \$100,000 unsecured line of credit at the Bank.

65. Use of the Construction Loan proceeds for personal purposes rather than purchase, construction, or remodeling of Respondent’s residence caused such proceeds to fall into the “other purpose loan” limitations of Section 215.5(c)(4) of Regulation O, 12 C.F.R. § 215.5(c)(4).

66. The Construction Loan amount of \$312,000 exceeds the “other purpose loan” limitations of \$100,000 imposed by Regulation O.

67. Therefore, from January 21, 2009, until July 16, 2009, Respondent violated, and caused the Bank to violate, Regulation O by borrowing other purpose funds in excess of the \$100,000 limitation imposed in 12 C.F.R. § 215.5(c)(4).

68. Twelve C.F.R. § 215.6, prohibits an executive officer or a director of a bank from knowingly receiving, directly or indirectly, any extension of credit not authorized under Regulation O. Respondent knowingly received an extension of credit in violation of this section

when he received the Construction Loan proceeds and used them for personal expenditures.

69. In addition to violating laws and regulations, the Heavy Moon loans and the Construction Loan constitute unsafe or unsound practices and breaches of his fiduciary duties to the Bank because:

a. The Heavy Moon Loan and the Consolidated Heavy Moon Loan were nominee loans for Respondent's benefit;

b. Respondent concealed the true purpose of the Heavy Moon Loan and the Consolidated Heavy Moon Loan from the Bank's board of directors, management, and regulators; and

c. Respondent intentionally misrepresented and concealed the true purpose of the Construction Loan from the Bank's board of directors, management, and regulators.

## **CONCLUSIONS OF LAW**

70. As a result of Respondent's foregoing acts, omissions and practices, Respondent has violated and caused the Bank to violate Regulation O and section 22(h) of the Federal Reserve Act, engaged in unsafe or unsound practices in connection with the Bank, and breached his fiduciary duties as an officer and a director of the Bank.

71. As a result of the violations, practices, and breaches specified herein, Respondent has received financial gain or other benefit by reason of the following: (i) the proceeds of the Heavy Moon Loan and the Consolidated Heavy Moon Loan were used to fund the loan by Blossman, Sr. to the PTT; (ii) Respondent was a beneficiary of the PTT; (iii) Respondent controlled the stock through proxies obtained from the PTT; (iv) Respondent and Dunn voted the stock by

proxies in 2006, 2007, and 2008; (v) in 2006, 2007, and 2008, Respondent was elected to the Bank's board of directors; (vi) Respondent used the interest he paid on the Heavy Moon Loan and the Consolidated Heavy Moon Loan in the amount of \$157,999 as an interest deduction on his personal Federal income tax return; and (vii) Respondent had the use and benefit of the Construction Loan for personal purposes, rather than for the purchase, remodeling, or construction of a residence.

72. Respondent's acts, omissions, and practices as set forth herein demonstrate a willful or continuing disregard for the safety or soundness of the Bank and evidence Respondent's personal dishonesty.

**NOTICE OF ASSESSMENT OF CIVIL MONEY PENALTY, FINDINGS OF FACT AND CONCLUSIONS OF LAW**

73. Paragraphs 1 through 73 are restated and incorporated herein by reference and constitute FINDINGS OF FACT AND CONCLUSIONS OF LAW for the purposes of this NOTICE OF ASSESSMENT.

74. By reason of the allegations contained herein, Respondent committed violations of law or regulations within the meaning of 12 U.S.C. §§ 1818(i)(2)(A)(i) and 1818(i)(2)(B)(i)(I).

75. By reason of the allegations contained herein, Respondent has recklessly engaged in unsafe or unsound practices in conducting the affairs of the Bank, within the meaning of 12 U.S.C. § 1818(i)(2)(B)(i)(II).

76. By reason of the allegations contained herein, Respondent has breached his fiduciary

duties to the Bank within the meaning of 12 U.S.C. § 1818(i)(2)(B)(i)(III).

77. By reason of the allegations contained herein, Respondent's practices and breaches are part of a pattern of misconduct within the meaning of 12 U.S.C. § 1818(i)(2)(B)(ii)(I).

78. By reason of the allegations contained herein, Respondent's practices and breaches resulted in pecuniary gain or other benefit within the meaning of 12 U.S.C. § 1818(i)(2)(B)(ii)(III).

### **ORDER TO PAY**

79. By reason of Respondent's violations of laws or regulations, reckless engagement in unsafe or unsound practices, and breaches of fiduciary duties, which were part of a pattern of misconduct and that resulted in pecuniary gain or other benefit to Respondent, as set forth in the NOTICE OF ASSESSMENT, the FDIC has concluded that a civil money penalty should be assessed against Respondent pursuant to sections 12 U.S.C. §§ 1818(i)(2)(B)(i) and 1818(i)(2)(B)(ii). After taking into account the appropriateness of the penalties with respect to the size of Respondent's financial resources and good faith, the gravity of the practices and breaches, the history of previous unsafe or unsound practices or breaches of fiduciary duties, and other matters as justice may require, it is:

ORDERED, that by reason of the violations of law or regulation, unsafe or unsound practices, and breaches of fiduciary duties which were part of a pattern of misconduct that resulted in pecuniary gain or other benefit to Respondent, a penalty be and hereby is assessed against Respondent pursuant to 12 U.S.C. § 1818(i)(2)(B) in the amount of \$75,000, and

FURTHER ORDERED, that the effective date of this ORDER TO PAY be, and hereby is, stayed until 20 days after the date of receipt of the NOTICE OF ASSESSMENT by Respondent, during which time Respondent may file an answer and request a hearing pursuant to 12 U.S.C. § 1818(i)(2)(H) and 12 C.F.R. § 308.19.

**OPPORTUNITY FOR HEARING**

80. Notice is hereby given that a hearing shall commence at New Orleans, Louisiana, sixty (60) days from the date of service of this NOTICE OF INTENTION TO PROHIBIT FROM FURTHER PARTICIPATION and NOTICE OF ASSESSMENT OF CIVIL MONEY PENALTY upon Respondent, or at such place or on such date as the parties to this action and the Administrative Law Judge appointed to hear this matter may agree, for the purpose of taking evidence on the charges herein specified, in order to determine whether a permanent order should be issued to prohibit Respondent from further participation in the conduct of the affairs of any insured depository institution or organization enumerated in 12 U.S.C. § 1818(e)(7)(A) without the prior permission of the FDIC and the appropriate Federal financial institutions regulatory agency, as that term is defined in 12 U.S.C. § 1818(e)(7)(D). **EXCEPT THAT, WITH RESPECT TO THE NOTICE OF ASSESSMENT OF CIVIL MONEY PENALTY, RESPONDENT MUST SPECIFICALLY REQUEST A HEARING WITHIN 20 DAYS PURSUANT TO SECTION 12 U.S.C. § 1818(i)(2)(H) AND 12 C.F.R. § 308.19. IF RESPONDENT FAILS TO FILE A REQUEST FOR A HEARING WITHIN 20 DAYS OF THE SERVICE OF THE NOTICE OF ASSESSMENT OF CIVIL MONEY PENALTY ON HIM, THE PENALTY ASSESSED AGAINST HIM PURSUANT TO THE ORDER**

**TO PAY WILL BE FINAL AND SHALL BE PAID WITHIN 60 DAYS AFTER THE NOTICE OF ASSESSMENT OF CIVIL MONEY PENALTY IS SERVED ON HIM.**

81. The hearing will be public, and in all respects conducted in accordance with the provisions of the Act, the Administrative Procedure Act, 5 U.S.C. §§ 551-559, and the FDIC Rules of Practice and Procedure, 12 C.F.R. Part 308. The hearing will be held before an Administrative Law Judge appointed by the Office of Financial Institution Adjudication pursuant to 5 U.S.C. § 3105.

82. Respondent is hereby directed to file an answer to the NOTICE OF INTENTION TO PROHIBIT FROM FURTHER PARTICIPATION within twenty (20) days from the date of service, as provided by 12 C.F.R. § 308.19. An original and one copy of all papers filed in this proceeding shall be served upon the Office of Financial Institution Adjudication, 3501 N. Fairfax Drive, Suite VS-D8116, Arlington, Virginia, 22226-3500 pursuant to 12 C.F.R. § 308.10. Copies of all papers filed in this proceeding shall be served upon the Office of the Executive Secretary, Federal Deposit Insurance Corporation, 550 17th Street, N.W. (F-1058), Washington, D.C. 20429; A. T. Dill, III, Assistant General Counsel, Federal Deposit Insurance Corporation, 550 17th Street, N.W., MB 3020, Washington, D.C. 20429; and upon Stephen C. Zachary, Regional Counsel (Supervision), Federal Deposit Insurance Corporation, 5100 Poplar Avenue, Suite 1900, Memphis, Tennessee 38137. Pursuant to 12 C.F.R. 308.10(b)(4), all documents required to be filed, excluding documents produced in response to a discovery request pursuant to 308.25 and 308.26, shall be filed electronically with OFIA. Respondent is hereby directed to file any answer electronically with OFIA at [ofia@fdic.gov](mailto:ofia@fdic.gov). Failure to answer within the 20-day time period shall constitute a waiver of the right to appear and contest the allegations contained

in this NOTICE and shall, upon the FDIC's motion, cause the Administrative Law Judge or the FDIC to find the facts in this NOTICE to be as alleged and to issue appropriate ORDERS.

Pursuant to delegated authority.

Dated at Washington, D.C., this 16<sup>th</sup> day of December, 2010.

/s/  
\_\_\_\_\_  
Serena L. Owens  
Associate Director  
Division of Supervision and  
Consumer Protection