

COMMONWEALTH OF KENTUCKY
PUBLIC PROTECTION CABINET
DEPARTMENT OF FINANCIAL INSTITUTIONS
AGENCY CASE NO. 2016-AH-00081

ENTERED
MAY 11 2017
2:30PM AEE
COMMISSIONERS OFFICE

DEPARTMENT OF FINANCIAL INSTITUTIONS

COMPLAINANT

V.

LOUISA COMMUNITY BANK, INC. (KDFI Charter #58112);
GENE A. WILSON, Individually; and
KATHRYN REID, Individually

RESPONDENTS

AGREED ORDER

1. The Kentucky Department of Financial Institutions (“KDFI”) is vested with jurisdiction to administer and enforce KRS Chapters 286.1 to 286.3, which provide for the chartering and regulation of banks and trust companies authorized to do business pursuant to KRS Chapter 286.3, as well as any directors, officers, employees, agents, or other persons participating in the conduct of the affairs of such banks and trust companies.

2. Louisa Community Bank, Inc., (“Bank”) is a corporation established under the laws of Kentucky and authorized to engage in the business of banking pursuant to KRS Chapter 286.3, with a principal office located at 4393 Highway 2565, Louisa, Kentucky 41230. The Bank’s charter number with KDFI is 58112.

3. On August 29, 2016, Charles Vice, Commissioner of KDFI, issued a Notice of Assessment of Fines after it was discovered that the Bank had purportedly replaced several Board members without obtaining approval from KDFI and the Federal Deposit Insurance Corporation (“FDIC”), in violation of Consent Orders issued by KDFI and the FDIC (“Consent Orders”). The

Bank also purportedly operated with fewer than five directors, in violation of the Consent Orders and KRS 286.3-040. At the time of the violations, the Consent Orders had become final and unappealable pursuant to KRS 286.3-690.

4. Pursuant to KRS 286.3-990(15), “any bank or trust company which violates or any officer, director, employee, agent, or other person participating in the conduct of the affairs of a bank who violates the terms of any order issued under KRS 286.3-690 which has become final shall forfeit and pay a fine of not more than one thousand dollars (\$1,000) per day for each day such violation continues...”

5. The Bank’s agreement to this Order shall not serve as an admission that the Bank violated any provision of KRS Chapter 286.3.

6. In the interest of economically and efficiently resolving this matter, the Bank agrees to and shall pay a total fine of five thousand dollars (\$5,000.00), which shall be due upon entry of the Agreed Order. The payment shall be in the form of a certified check or money order made payable to “Kentucky State Treasurer” and mailed to the Department of Financial Institutions, Attn: Depository Division, 1025 Capital Center Drive, Suite 200, Frankfort, Kentucky 40601.

7. The Bank shall take all actions necessary to ensure continual and full compliance with all statutory requirements set forth in KRS Chapter 286.3, the existing Consent Orders, and any future Consent Orders.

8. The Bank waives its right to demand a hearing at which it would be entitled to legal representation, to confront and cross-examine witnesses, and to present evidence on its own behalf, or to otherwise appeal or set aside this Agreed Order.

9. The Bank consents to and acknowledges the jurisdiction of KDFI over this matter and that this Agreed Order is a matter of public record and may be disseminated as such.

10. In consideration of execution of this Agreed Order, the Bank for itself, and for its successors and assigns, hereby releases and forever discharges the Commonwealth of Kentucky, KDFI, Office of Legal Services, and each of their members, agents, and employees in their individual capacities, from any and all manner of actions, causes of action, suits, debts, judgments, executions, claims and demands whatsoever, known and unknown, in law or equity, that the Bank ever had, now has, may have or claim to have against any or all of the persons or entities named in this paragraph arising out of or by reason of this investigation, this disciplinary action, this settlement or the administration of this settlement.

11. By signing below, the Bank acknowledges it has read the foregoing Agreed Order, knows and fully understands its contents, and that the individual signing on behalf of the Bank is authorized to enter into and execute this Agreed Order and legally bind the Bank.

12. This Agreed Order shall constitute the Final Order with the Bank concerning the Bank's alleged violations in this matter. This administrative action, Case No. 2016-00081, against the Bank is closed. The administrative action against the individual Respondents remains ongoing.

IT IS SO ORDERED on this the 11th day of May, 2017.



CHARLES A. VICE
COMMISSIONER

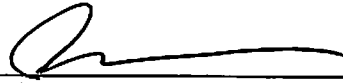
Consented to:

This 11 day of May, 2017.

This 3 day of May, 2017.



Marni Rock Gibson, Director
Division of Depository Institutions
Department of Financial Institutions



Authorized Representative
Louisa Community Bank, Inc.

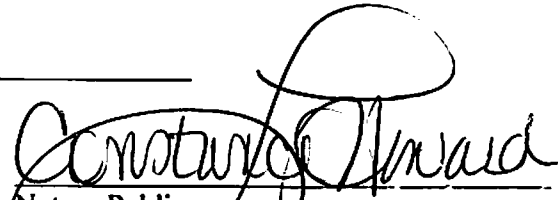
ACKNOWLEDGEMENT

STATE OF Kentucky)
COUNTY OF Lawrence)

On this the 3rd day of May, 2017, before me Constance Howard, the undersigned, Joe Kruffman, did personally appear and acknowledge himself/herself to be the authorized representative of Louisa Community Bank, Inc. and that he/she, being authorized to do so, entered into and executed the foregoing instrument for the purposes therein contained.

In witness whereof I hereunto set my hand.

My Commission Expires: 3-30-19


Notary Public
10 531091

Certificate of Service

I hereby certify that a copy of the foregoing **Agreed Order** was sent on this the 11 day of May, 2017, by certified mail, return receipt requested, to the following:

Tommy Sturgeon
Nathan Berger
Corey Skolnick
Frost Brown Todd, LLC
400 West Market Street, Suite 3200
Louisville, Kentucky 40202-3363

By State Government Messenger Mail:

Mr. Tim Cocanougher
Executive Advisor and Hearing Officer
Commissioner's Office
Department of Housing Buildings and Construction
Suite 100
101 Sea Hero Road
Frankfort, Kentucky 40601

And by hand-delivery to:

Gary A. Stephens
Kentucky Department of Financial Institutions
1025 Capital Center Drive, Suite 200
Frankfort, Kentucky 40601
Counsel for the Department


Allison Hites ~~EVANS~~
Department of Financial Institutions