

**COMMONWEALTH OF KENTUCKY
PUBLIC PROTECTION CABINET
DEPARTMENT OF FINANCIAL INSTITUTIONS
AGENCY CASE NO. 2021-AH-00010**

DEPARTMENT OF FINANCIAL INSTITUTIONS

COMPLAINANT

AGREED ORDER

TOMMY V. SKAGGS

RESPONDENT

FACTUAL BACKGROUND

1. The Kentucky Department of Financial Institutions ("DFI") is vested with jurisdiction to administer and enforce KRS Chapter 286.3, which provides 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. Tommy V. Skaggs ("Respondent") was hired as a loan officer by West Point Bank during March 2016. West Point Bank terminated his employment on November 18, 2019. West Point 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 600 West Lincoln Trail Blvd., Radcliffe, Kentucky.

3. On November 25, 2020, West Point Bank contacted DFI regarding the Respondent. West Point Bank alleged that the Respondent had engaged in unsafe and unsound banking practices, and breaches of his fiduciary duty.

4. After conducting an investigation, DFI found that the Respondent engaged in loan fraud and identity theft in relation to two loans that the Respondent originated while employed by West Point Bank. Specifically, DFI determined the Respondent originated

two loans in customer D. B's name without the knowledge of customer D.B. Respondent originated one loan in customer D.B.'s name on February 21, 2017, in the amount of \$39,897, and another loan in customer D.B.'s name on November 18, 2019, in the amount of \$3,850. DFI found that the Respondent utilized the proceeds of these loans for personal gain. On November 18, 2020, West Point Bank charged off the fraudulent loans to customer D.B., at that time totaling approximately \$22,000.

STATUTORY AUTHORITY

5. KRS 286.3-690 states that "[i]f the commissioner shall determine that any officer or director of a bank or trust company has committed any violation of law, of an administrative regulation... or has engaged in or participated in any unsafe or unsound practice in connection with the bank or trust company, or has committed or engaged in any act, omission, or practice which constitutes a breach of his or her fiduciary duty as officer or director, and the commissioner determines that the bank or trust company has suffered or will probably suffer substantial financial loss or other damages or that the interests of its depositors ... or that the director or officer has received financial gain by reason of the violation or practice or breach of fiduciary duty, the commissioner may serve upon the director or officer a written notice of intention to remove him or her from office. The violation, practice, or breach shall be one (1) involving personal dishonesty on the part of the director or officer, or one (1) which demonstrates a willful or continuing disregard for the safety or soundness of the bank... The resignation of an officer or director from the bank shall not prohibit the commissioner from pursuing an action for removal of the officer or director."

AGREEMENT AND ORDER

6. DFI has determined, to which the Respondent neither admits or denies, that:
- a. Respondent engaged in loan fraud and identity theft in relation to the two aforementioned loans the Respondent originated while employed by West Point Bank.
 - b. These acts constituted unsafe or unsound banking practices as an institution affiliated party of West Point Bank.
 - c. By reason of these unsafe or unsound banking practices, West Point Bank has suffered financial loss, and Respondent received financial gain; and
 - d. Such unsafe or unsound banking practices involve personal dishonesty on the part of Respondent, and demonstrate Respondent's willful and continuing disregard for the safety or soundness of West Point Bank.
 - e. The DFI has determined that such unsafe or unsound banking practices, and acts of dishonesty demonstrate Respondent's unfitness to serve as an officer of West Point Bank pursuant to KRS 286.3-690.

7. In order to resolve this matter without further administrative proceedings or the filing of an Administrative Complaint, the DFI and Respondent hereby agree to resolve any and all claims and/or potential future formal causes of action arising (or which may arise) from the above referenced factual background in accordance with the terms set forth herein.

8. The DFI and Respondent, in the interest of economically and efficiently resolving this matter, and without Respondent admitting or denying the statements of fact and legal conclusions herein, DFI and Respondent agree as follows:

9. The Respondent consents to issuance of this order removing the Respondent as

an officer of West Point Bank.

10. Respondent 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 behalf, or to otherwise appeal or set aside this Agreed Order.

11. Respondent consents to and acknowledges the jurisdiction of the DFI over this matter. This Order is a matter of public record and may be disseminated as such.

12. In consideration of the execution of this Agreed Order, Respondent for itself, and for its successors and assigns, hereby releases and forever discharges the Commonwealth of Kentucky, the DFI, 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 Respondent 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 settlement.

13. DFI acknowledges and agrees that this Agreed Order concludes, and fully and finally resolves any violations stemming from the origination of the two loans aforementioned, and that this Agreed Order shall serve as the Final Order.

14. By signing below, the parties acknowledge they have read the foregoing Agreed Order, know and fully understand its contents, and that they are authorized to enter into, and execute, this Agreed Order and legally bind their respective parties.

IT IS SO ORDERED on this the day of , 2021.

**Charles A.
Vice**

Digitally signed by: Charles A. Vice
DN: CN = Charles A. Vice email =
Charles.Vice@ky.gov C = US O =
KY DFI OU = Commissioner's
Office
Date: 2021.06.03 13:31:04 -04'00'

Charles A. Vice,
Commissioner

Consented to:
This 3 day of June
2021

Consented to:
This 11 day of MAR 01
2021

Harry C. Nolan
Director
Depository Division
Department of Financial Institutions

Tommy V. Skaggs
Tommy V. Skaggs

ACKNOWLEDGEMENT

STATE OF Kentucky)
COUNTY OF Jefferson)

On this the 11th day of March, 2021, before me Lee J. Hordick
the undersigned, Tommy V. Skaggs, did personally appear and entered into and executed
the foregoing instrument for the purposes therein contained.

In witness whereof I hereunto set my hand.

My Commission Expires: 5/16/23

Lee J. Hordick
Notary Public

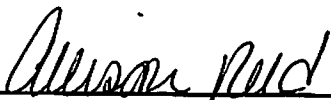
CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing Agreed Order was sent by certified United States mail, return receipt requested, on this the 8th day of June, 2021, to the following:

Tommy V. Skaggs
68 Summershade Drive
Elizabethtown KY 42701

And by email and hand delivery to:

Kathryn Adams-Cornett - Legal Counsel
Department of Financial Institutions
500 Mero Street
2SW19
Frankfort, Kentucky 40601
katie.adams@ky.gov



Allison Reed, Records Custodian
Department of Financial Institutions