FEDERAL DEPOSIT INSURANCE CORPORATION

WASHINGTON, D.C.

In the Matter of **DONALD C. LANCASTER,** individually and as an institution-affiliated party of UNION BANK & TRUST COMPANY OXFORD, NORTH CAROLINA (Insured State Nonmember Bank) NMLS UI# 791905	ORDER OF PROHIBITION FROM FURTHER PARTICIPATION AND ORDER TO PAY A CIVIL MONEY PENALTY FDIC-16-0018e FDIC-16-0117k

DONALD C. LANCASTER ("Respondent") has received a NOTICE OF INTENTION TO PROHIBIT FROM FURTHER PARTICIPATION, NOTICE OF ASSESSMENT OF A CIVIL MONEY PENALTY, FINDINGS OF FACT AND CONCLUSIONS OF LAW, ORDER TO PAY, AND NOTICE OF HEARING issued by the Federal Deposit Insurance Corporation (FDIC) detailing the unsafe or unsound banking practices and breaches of fiduciary duty for which an ORDER OF PROHIBITION FROM FURTHER PARTICIPATION AND ORDER TO PAY A CIVIL MONEY PENALTY (ORDER) may issue, and has been further advised of the right to a hearing on the alleged charges under sections 8(e) and 8(i) of the Federal Deposit Insurance Act (Act), 12 U.S.C. §§ 1818(e) and 1818(i), and the FDIC's Rules of Practice and Procedure, 12 C.F.R. Part 308. Having waived those rights, Respondent entered into a STIPULATION AND CONSENT TO THE ISSUANCE OF AN ORDER OF PROHIBITION FROM FURTHER PARTICIPATION AND AN ORDER TO PAY A CIVIL MONEY PENALTY ("CONSENT AGREEMENT") with a representative of the Legal Division of the FDIC, dated August 1, 2017, whereby solely for the purpose of this proceeding and without admitting or denying any unsafe or unsound banking practices or breaches of fiduciary duty, Respondent consented to the issuance of the ORDER by the FDIC.

The FDIC has determined, and Respondent neither admits nor denies, that:

(a) Respondent recklessly engaged or participated in unsafe or unsound banking practices and breaches of fiduciary duty as an institution-affiliated party of Union Bank & Trust Company, Oxford, North Carolina ("Bank") within the meaning of 12 U.S.C. § 1813(u);

(b) The FDIC determined that while Vice President and Chief Banking Officer of the Bank, Respondent made a loan in the amount of $105,126 to a nominee borrower and, without authority, released the nominee from liability for the loan, resulting in a loss to the Bank of $105,087;

(c) By reason of such practices or breaches the Bank has suffered more than a minimal financial loss;

(d) Such unsafe or unsound banking practices and breaches of fiduciary duty involved personal dishonesty on the part of the Respondent, demonstrated Respondent's willful and continuing disregard for the safety or soundness of the Bank, and were part of a pattern of misconduct.

The FDIC further determined that such unsafe or unsound banking practices and breaches of fiduciary duty demonstrate Respondent's unfitness to serve as a director, officer, person participating in the conduct of the affairs or an institution-affiliated party of the Bank, any other insured depository institution, or any other agency or organization enumerated in section 8(e)(7)(A) of the Act, 12 U.S.C. § 1818(e)(7)(A). After taking into account the CONSENT AGREEMENT, the appropriateness of the penalty with respect to the financial resources and good faith of Respondent, the gravity of the violation by Respondent, the history of previous violations by Respondent, and such other matters as justice may require, the FDIC accepts the CONSENT AGREEMENT and issues the following:

ORDER OF PROHIBITION FROM FURTHER PARTICIPATION AND ORDER TO PAY A CIVIL MONEY PENALTY

1. Donald C. Lancaster is hereby prohibited from:

(a) participating in any manner in the conduct of the affairs of any financial institution or organization enumerated in section 8(e)(7)(A) of the Act, 12 U.S.C. § 1818(e)(7)(A);

(b) soliciting, procuring, transferring, attempting to transfer, voting, or attempting to vote any proxy, consent or authorization with respect to any voting rights in any financial institution enumerated in section 8(e)(7)(A) of the Act, 12 U.S.C. § 1818(e)(7)(A);

(c) violating any voting agreement previously approved by the appropriate Federal banking agency; or

(d) voting for a director, or serving or acting as an institution-affiliated party.

2. The prohibitions of paragraph 1 above, shall cease to apply to Respondent if Respondent obtains the prior written permission of both the FDIC and the "appropriate Federal financial institutions regulatory agency" as that term is defined in 12 U.S.C. § 1818(e)(7)(D).

3. It is hereby ordered that, by reason of the misconduct set forth in paragraph 3 of the CONSENT AGREEMENT, a penalty of $35,000 be, and hereby is, assessed against Respondent. Respondent shall pay the civil money penalty to the Treasury of the United States.

4. Nothing herein shall preclude any proceedings brought by the FDIC to enforce the terms of this ORDER, and nothing herein constitutes a waiver of any right, power, or authority

of the United States or agencies thereof, or the FDIC as Receiver, or any state agency or department to bring other actions deemed appropriate against Respondent, the Bank, or any of the Bank's current or former institution-affiliated parties, as that term is defined in 12 U.S.C. § 1813(u).

5. Respondent is prohibited from seeking or accepting indemnification from any insured depository institution for the civil money penalty assessed and paid in this matter.

6. This ORDER will become effective upon its issuance by the FDIC.

Under delegated authority.

Dated this 1st day of February, 2018.

_______/s/_________________
Patricia A. Colohan
Associate Director
Division of Risk Management
Supervision