

FEDERAL DEPOSIT INSURANCE CORPORATION

WASHINGTON, D.C.

In the Matter of:)	
)	
WILLIAM R. BEAMON, individually and as)	
an institution-affiliated party of)	
)	NOTICE OF INTENTION TO
)	PROHIBIT FROM FURTHER
APPALACHIAN COMMUNITY BANK)	PARTICIPATION
ELLIJAY, GEORGIA)	
(IN RECEIVERSHIP))	FDIC-13-0338e
)	
(INSURED STATE NONMEMBER BANK))	
)	
)	
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The Federal Deposit Insurance Corporation ("FDIC") has determined that: WILLIAM R. BEAMON ("Respondent"), as an institution-affiliated party of Appalachian Community Bank, Ellijay, Georgia (In Receivership) ("Bank"), has directly or indirectly participated or engaged in violations of law and/or unsafe or unsound banking practices and/or acts, omissions or practices which constitute breaches of his fiduciary duty as an officer of the Bank; that as a result of such conduct, the Bank has suffered a loss or other damage and/or the interests of the Bank's depositors have been prejudiced or could be prejudiced and/or that the Respondent has received financial gain or other benefit by reason of such violations and/or practices and/or breaches of fiduciary duty; and that such violations and/or practices and/or breaches of fiduciary duty demonstrate the Respondent's personal dishonesty and/or his willful or continuing disregard for the safety or soundness of the Bank.

The FDIC, therefore, institutes this proceeding for the purpose of determining whether an appropriate order should be issued against the Respondent under the provisions of section 8(e) of the Federal Deposit Insurance Act ("Act"), 12 U.S.C. § 1818(e), prohibiting the Respondent from further participation in the conduct of the affairs of the Bank, and any other insured depository institution or organization listed in section 8(e)(7)(A) of the Act, 12 U.S.C. § 1818(e)(7)(A), without the prior written approval of the FDIC and such other appropriate federal financial institutions regulatory agency, as that term is defined in section 8(e)(7)(D) of the Act, 12 U.S.C. § 1818(e)(7)(D).

The FDIC hereby issues this:

NOTICE OF INTENTION TO PROHIBIT FROM FURTHER PARTICIPATION

("NOTICE") pursuant to section 8(e) of the Act, 12 U.S.C. § 1818(e), and the FDIC's Rules of Practice and Procedure ("FDIC Rules"), 12 C.F.R. Part 308.

The FDIC alleges as follows:

As set forth herein, in accordance with a pattern and practice contrary to his fiduciary duty to the Bank and to industry practice, Respondent used his position with the Bank to engage in self-dealing and conflicts of interest by personally profiting on leases and sales of Bank owned real estate ("ORE") and by arranging the sale of ORE to his wife at artificially low prices, all to the Bank's detriment.

FINDINGS OF FACT AND CONCLUSIONS OF LAW

A. Preliminary Allegations

1. At all times pertinent to this proceeding, the Bank was a corporation existing and doing business under the laws of the State of Georgia, having its principal place of business at Ellijay, Georgia.

2. The Bank was, at all times pertinent to this proceeding, an insured State nonmember bank, subject to the Act, 12 U.S.C. §§ 1811-1831aa, the FDIC Rules, 12 C.F.R. Chapter III; and the laws of the State of Georgia.

3. The Bank was closed by the Georgia Department of Banking and Finance on March 19, 2010, and the FDIC was appointed Receiver.

4. At all times pertinent to the charges herein, Respondent was Vice President and Supervisor of the Foreclosure Liquidation Department of the Bank.

5. Respondent's duties at the Bank included oversight of the Bank's foreclosed property inventory. Respondent was responsible for the upkeep, advertising and sales of the Bank's "other real estate owned" or ORE properties. In connection with those duties, he also prepared and presented a monthly report of the status and sales of Bank ORE properties for the Bank's Oversight Board.

6. At all times pertinent to the charges herein, Maria Beamon was Respondent's wife and was employed by the Bank on a part-time basis to perform housekeeping services at the Bank and ORE properties.

7. At all times pertinent to the charges herein, Respondent was an "institution-affiliated party" as that term is defined in section 3(u) of the Act, 12 U.S.C. § 1813(u), and for

purposes of sections 8(e)(7), 8(i) and 8(j) of the Act, 12 U.S.C. §§ 1818(e)(7), 1818(i) and 1818(j).

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

B. Sale of New House at 4455 Victory Woods Court, Cumming, Georgia

9. The Bank owned an ORE property at 4455 Victory Woods Court. The property was a newly completed house that was appraised at \$555,000 on December 1, 2008.

10. On February 16, 2009, Respondent, in his capacity as Vice President and Supervisor of the Foreclosure Liquidation Department at the Bank, received a written cash offer of \$390,000 for the property from a local real estate broker. Respondent never responded to the offer.

11. Respondent failed to disclose the offer to the Bank pursuant to Bank procedures.

12. On March 19, 2009, Respondent falsely represented to a real estate agent that he owned the property and hired the real estate agent to market and lease the property on his behalf.

13. On April 10, 2009, two individuals entered into an agreement to lease the property from Respondent. Respondent authorized the real estate agent to sign the lease agreement on his behalf.

14. Respondent was listed on the lease agreement as landlord and received a \$5,000 security deposit and rental payments of \$2,400 per month. Between April 13, 2009, and December 1, 2009, Respondent received more than \$20,000 in rent and security deposit payments in connection with the lease of 4455 Vickery Woods Court and deposited the proceeds into his personal Bank account.

15. On May 14, 2009, Respondent allowed the Bank to provide his wife, Maria Beamon, with a loan in the amount of \$310,242.50 to purchase the property for \$320,000, when he knew that the purchase price was less than the outstanding third party offer and below the market value of the property. Upon information and belief, the property is still owned by Maria Beamon.

16. As a result of Respondent's misconduct, the Bank suffered a loss of at least \$235,000, representing the difference between the December 1, 2008 appraisal and the May 14, 2009 sales price of the home, and Respondent received personal gain in the amount of approximately \$255,000, including the \$255,000 discussed above and the \$20,000 in rent and security deposit payments.

C. Purchase and Resale of Property located at 35 Poplar Drive, Ellijay, Georgia

17. On September 1, 2009, the Bank foreclosed on property located at 35 Poplar Drive, Ellijay, Georgia.

18. On October 14, 2009, Respondent, in his capacity as Vice President and Supervisor of the Foreclosure Liquidation Department at the Bank, received an offer from a third party to buy the property from the Bank for \$149,900 and Respondent accepted that offer on behalf of the Bank.

19. Respondent did not disclose to the Bank that he had received and accepted the October 14, 2009, purchase offer on the property.

20. On October 21, 2009, Respondent caused the Bank to sell the property to Newmon Properties, a company he wholly owned, for \$90,000.

21. On October 28, 2009, Newmon Properties resold the property to the third party for \$149,900.

22. As a result of Respondent's misconduct, the Bank suffered a loss and Respondent received personal gain of \$59,900 representing the difference between the offer Respondent accepted on behalf of the Bank and the amount for which he purchased the property.

D. Sale of Townhouse at 1225 Village Terrace Court, Atlanta, Georgia

23. In August 2009, the Bank foreclosed on a townhouse located at 1225 Village Terrace Court. A July 11, 2009, appraisal of the property reflected a value of \$380,000.

24. On August 9, 2009, Respondent entered into an exclusive listing agreement with a local real estate broker to market the property on behalf of the Bank. The initial listing price was \$425,000.

25. On September 29, 2009, Respondent gave the Bank's Oversight Board a listing of Bank ORE properties along with their listing price. 1225 Village Terrace Court was on the list as property number 262, but instead of a price, the list showed "Hold."

26. On October 21, 2009, Respondent caused or allowed his wife, Maria Beamon, to purchase the property from the Bank for \$150,000 when he knew that the purchase price was substantially below the listing price and the market value. Upon information and belief, Respondent and Maria Beamon continue to reside at the property.

27. As a result of Respondent's misconduct the Bank suffered a loss and Respondent received personal gain in the amount of \$230,000.

E. Grounds for Section 8(e) Prohibition Order

28. As a result of the Respondent's foregoing acts, omissions and/or practices, the Respondent has engaged and/or participated in violations of law and/or unsafe or unsound banking practices in connection with the Bank.

29. As a result of the Respondent's foregoing acts, omissions and/or practices, the Re-

spondent breached his fiduciary duty as Vice President and Supervisor of the Foreclosure Liquidation Department.

30. By reason of the violations, practices or breaches as specified in paragraphs 9 through 27, the interests of the Bank's depositors have been or could have been prejudiced.

31. By reason of the violations, practices or breaches as specified in paragraphs 9 through 27, the Bank has suffered loss or other damage and Respondent has received financial gain or other benefit.

32. The acts, omissions and/or practices of the Respondent, as set forth in paragraphs 9 through 27, demonstrate a willful or continuing disregard for the safety or soundness of the Bank and/or evidence the Respondent's personal dishonesty.

NOTICE OF HEARING

Notice is hereby given that a hearing will be held in Atlanta, Georgia, and will commence sixty (60) days from the date of service of the NOTICE, or on such date and at such place as may be set by the Administrative Law Judge appointed to hear the matter.

The purpose of the hearing will be for the taking of evidence on the charges, findings, and conclusions specified in the NOTICE and 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 listed in section 8(e)(7)(A) of the Act, 12 U.S.C. § 1818(e)(7)(A), without the prior written approval 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).

The hearing will be held before an Administrative Law Judge to be appointed by the Office of Financial Institution Adjudication pursuant to 5 U.S.C. § 3105. The hearing will be public, and in all respects will be conducted in compliance with the Act, 12 U.S.C. §§ 1811-1831aa, the Administrative Procedures Act, 5 U.S.C. §§ 551-559, and the FDIC Rules of Practice and Procedure, 12 C.F.R. Part 308.

The Respondent is directed to file an answer to this NOTICE within twenty (20) days from the date of service, as provided by section 308.19 of the FDIC Rules of Practice and Procedure, 12 C.F.R. § 308.19.

An original and one copy of the answer and all other documents to be filed or served in this proceeding must be filed in writing with the Office of Financial Institution Adjudication, 3501 N. Fairfax Drive, Suite VS-D8116, Arlington, Virginia 22226-3500, pursuant to section 308.10 of the FDIC Rules of Practice and Procedure, 12 C.F.R. § 308.10. Respondent is encouraged to also file any answer electronically with the Office of Financial Institution Adjudication at ofia@fdic.gov.

Copies of all papers filed or served in this proceeding shall be served upon the Executive Secretary Section, Federal Deposit Insurance Corporation, 550 17th Street, N.W., Washington, D.C. 20429-9990; A.T. Dill, III, Assistant General Counsel, Enforcement Section, Federal Deposit Insurance Corporation, 550 17th Street, N.W., Washington, D.C. 20429-9990; and Andrea Fulton Toliver, Regional Counsel, Atlanta Regional Office, Federal Deposit Insurance Corporation, 10 Tenth Street, N.E., Suite 800, Atlanta, Georgia 30309-3906.

PRAYER FOR RELIEF

The FDIC prays for relief in the form of issuance of an ORDER OF PROHIBITION pursuant to 12 U.S.C. § 1818(e).

Pursuant to delegated authority.

Dated at Washington, D.C., this 30th day of December, 2013.

/s/

Christopher J. Newbury
Associate Director
Division of Risk Management
Supervision