

FEDERAL DEPOSIT INSURANCE CORPORATION

WASHINGTON, D.C.

In the Matter of

PHILIP T. JENNINGS
Individually, and as an
institution affiliated party of

FARMERS EXCHANGE BANK
LOUISVILLE, ALABAMA

(insured State Nonmember Bank)

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

FDIC-13-107e
FDIC-13-106k
FDIC-14-070b

PHILIP T. JENNINGS ("Respondent") has been advised of the right to receive 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, AND NOTICE OF CHARGES AND 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, ORDER TO PAY A CIVIL MONEY PENALTY, AND ORDER FOR RESTITUTION (the "ORDER") may issue, and has been further advised of the right to a hearing on the alleged charges under sections 8(b), 8(e), and 8(i) of the Federal Deposit Insurance Act ("Act"), 12 U.S.C. §§ 1818(b), 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, ORDER TO PAY A CIVIL MONEY PENALTY, AND ORDER FOR RESTITUTION ("CONSENT

AGREEMENT”) with a representative of the Legal Division of the FDIC, 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 considered the matter and determined it has reason to believe that:

(a) while an institution-affiliated party of FARMERS EXCHANGE BANK, LOUISVILLE, ALABAMA (“Bank”), Respondent engaged or participated in unsafe or unsound banking practices and breaches of fiduciary duty by originating a series of loans with underwriting deficiencies to a borrower with which Respondent had a conflict of interest and by receiving disbursements from these various loans;

(b) by reason of such unsafe or unsound banking practices and breaches of fiduciary duty, the Bank has suffered or will probably suffer more than a minimal financial loss or other damage, the interests of the Bank’s depositors have been or could be prejudiced, Respondent received financial gain or other benefit, and Respondent was unjustly enriched;

(c) such unsafe or unsound banking practices and breaches of fiduciary duty involved personal dishonesty on the part of Respondent, demonstrated Respondent’s willful or 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), and that Respondent should be required to

make restitution to the Bank to correct or remedy the conditions resulting from such practices and pay a civil money penalty. 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 misconduct by Respondent, the history of previous misconduct 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, ORDER TO PAY A CIVIL MONEY PENALTY, AND ORDER FOR RESTITUTION

1. Respondent, without the prior written approval of the FDIC and the appropriate Federal financial institution's regulatory agency, as that term is defined in section 8(e)(7)(D) of the Act, 12 U.S.C. § 1818(e)(7)(D), 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 with respect to any financial institution enumerated in section 8(e)(7)(A) of the Act, 12 U.S.C. § 1818(e)(7)(A).

2. It is hereby ordered that, by reason of the violation set forth in paragraph 3 of the CONSENT AGREEMENT, a penalty of \$5,000 be, and hereby is, assessed against Respondent. Respondent shall pay the civil money penalty to the Treasury of the United States. It is further ordered that the Respondent is prohibited from seeking or accepting indemnification from any insured depository institution for the civil money penalty assessed and paid in this matter.

3. It is hereby ordered that the Respondent shall pay restitution of \$17,504 to FARMERS EXCHANGE BANK, LOUISVILLE, ALABAMA ("Bank"). In addition, the Respondent shall provide the Regional Director of the Atlanta Regional Office of the FDIC with the written confirmation from the Bank of its receipt of the above-referenced restitution payment. It is further ordered that the Respondent is prohibited from seeking or accepting indemnification from the Bank or from any other insured depository institution for the restitution paid under the terms of this ORDER or any other expenses, including attorney fees and disbursements incurred by the Respondent, in connection with this matter.

4. This ORDER will become effective upon its issuance by the FDIC. The provisions of this ORDER will remain effective and enforceable except to the extent that, and until such time as, any provision of this ORDER shall have been modified, terminated, suspended, or set aside by the FDIC.

Pursuant to delegated authority.

Dated this 28th day of October, 2014.

/s/

Christopher J. Newbury
Associate Director
Division of Risk Management Supervision