

{{11-30-92 p.TC-154}}

[¶15,525] Docket No. FDIC-90-74b (9-15-92)

In the Matter of

**FIRST BANK
MCCOMB, MISSISSIPPI
(Insured State Nonmember Bank)
MODIFICATION OF ORDER
TO CEASE AND DESIST**

Paragraph 2 of the ORDER TO CEASE AND DESIST ("ORDER") issued to First Bank, McComb, Mississippi ("Bank"), by the Federal Deposit Insurance Corporation ("FDIC") on April 27, 1990 is hereby amended and modified as follows:

2. (a) On or before October 31, 1992, the Bank shall increase its Tier I capital by no less than \$1,000,000.
- (b) In addition to the capital increase required by Paragraph 2(a), the Bank shall:
 - (i) On or before December 31, 1992, achieve and maintain adjusted Tier I capital equal to or greater than 4.0 percent of the Bank's adjusted Part 325 total assets;
 - (ii) On or before December 31, 1993, achieve and maintain adjusted Tier I capital equal to or greater than 4.75 percent of the Bank's adjusted Part 325 total assets;
 - (iii) On or before December 31, 1994, achieve and maintain adjusted Tier I capital equal to or greater than 5.5 percent of the Bank's adjusted Part 325 total assets;
 - (iv) On or before December 31, 1995, achieve and maintain adjusted Tier I capital equal to or greater than 6.25 percent to the Bank's adjusted Part 325 total assets; and
 - (v) On or before December 31, 1996, achieve and maintain adjusted Tier I capital equal to or greater than 7.0 percent of the Bank's adjusted Part 325 total assets.
- (c) Any increase in Tier I capital necessary to meet the requirements of Paragraph 2(a) of this ORDER may be accomplished by the following:
 - (i) The sale of new securities in the form of common stock; or
 - (ii) The direct contribution of cash by the directors, shareholders, or parent bank holding company of the Bank; or
 - (iii) Any other method acceptable to the FDIC.
- (d) If all or part of the increase in Tier I capital required by Paragraph 2(a) of this ORDER is accomplished by the sale of new securities, the board of directors of the Bank shall adopt and implement a plan for the sale of such additional securities, including the voting of any shares owned or proxies held or controlled by them in favor of the plan. Should the implementation of the plan involve a public distribution of the Bank's securities (including a distribution limited only to the Bank's existing shareholders), the Bank shall prepare offering materials fully describing the securities being offered, including an accurate description of the financial condition of the Bank and the circumstances giving rise to the offering, and any other material disclosures necessary to comply with the Federal securities laws. Prior to the implementation of the plan and, in any event, not less than 20 days prior to the dissemination of such materials, the plan and any materials used in the sale of the securities shall be submitted to the FDIC, Division of Supervision, Registration and Disclosure Section, Room F-250, 550 17th St. NW, Washington, D.C. 20429. Any changes requested to be made in the plan or materials by the FDIC shall be made prior to their dissemination.
- (e) In complying with the provisions of Paragraph 2 of this ORDER, the Bank shall provide to any subscriber and/or purchaser of the Bank's securities written notice of any planned or existing development or other changes which are materially different from the information reflected in any offering materials used in connection with the sale of Bank securities. The written notice required by this paragraph shall be furnished within 10 days from the date such material development or change was planned or occurred, whichever is earlier, and shall be furnished to every subscriber and/or purchaser of the Bank's securities who received or was tendered the information contained in the Bank's original offering materials.
- (f) For purposes of this ORDER the terms "Tier I capital", "total capital" and "Part 325 total assets" shall have the mean- {{11-30-92 p.TC-155}} ings ascribed to them in Part 325 of the

FDIC's Rules and Regulations, respectively, subsections 325.2(m) and 325.2(n), 12 C.F.R. §§ 325.2(m) and (n). The "Analysis of Capital" schedule on page 3 of the FDIC Report of Examination provides the method for determining the ratio of adjusted Tier I capital to adjusted Part 325 total assets as required by this ORDER.

Paragraphs 3(g) and (h) of the ORDER is hereby amended and modified as follows:

(g) Within 60 days from the effective date of this MODIFICATION OR ORDER TO CEASE AND DESIST, the Bank shall formulate and submit to the Regional Director for review and approval a written plan of action directed at lessening the Bank's risk position in each line of credit or other asset which was classified "Substandard" as of October 31, 1991, and which aggregated \$50,000 or more. Such plan shall include but not be limited to the following:

(i) Target dollar levels to which the Bank will reduce each line of credit or other asset within three months, six months, and twelve months from the effective date of this ORDER; and

(ii) Provisions for the submissions of monthly written progress reports under this Paragraph 3 to the Bank's board of directors for review and recordation in the board minutes.

(h) As used in paragraph 3, the word "reduce" means (1) to collect, (2) to charge off, or (3) to sufficiently improve the quality of assets adversely classified to warrant removing any adverse classification as determined by the FDIC.

Paragraph 12 of the ORDER is hereby amended and modified as follows:

12. While this ORDER is in effect, the Bank shall limit any cash dividends on its capital stock to no more than 25 percent of the Bank's net annual income. No dividends may be paid without the prior written approval of the Regional Director.

The provisions of this MODIFICATION OF ORDER TO CEASE AND DESIST shall be binding upon the Bank, its subsidiaries, affiliates, directors, officers, employees, agents, successors, assigns, and other institution-affiliated parties of the Bank.

Except as specifically modified herein, all of the terms and conditions of the ORDER heretofore issued against the Bank on April 27, 1990, and which became effective on May 7, 1990, shall remain in full force and effect.

The provisions of this MODIFICATION OF ORDER TO CEASE AND DESIST shall remain effective and enforceable except to the extent that, and until such time as, any provisions of this MODIFICATION OF ORDER TO CEASE AND DESIST shall have been modified, terminated, suspended, or set aside by the FDIC.

Dated at Memphis, Tennessee, this 15th day of September, 1992.

Pursuant to delegated authority.