FEDERAL DEPOSIT INSURANCE CORPORATION

WASHINGTON, D.C.

In the Matter of BILLY PROFFITT, individually and as a former institution-affiliated party of TENNESSEE STATE BANK PIGEON FORGE, TENNESSEE (INSURED STATE MEMBER BANK--FORMER INSURED STATE NONMEMBER BANK)	)	ORDER MODIFYING ORDER OF PROHIBITION FROM FURTHER PARTICIPATION FDIC-96-105e

IT IS HEREBY ORDERED that the ORDER OF PROHIBITION FROM FURTHER PARTICIPATION ("ORDER") issued by the Federal Deposit Insurance Corporation ("FDIC") against BILLY PROFFITT ("Respondent") on October 6, 1998, pursuant to section 8(e) of the Federal Deposit Insurance Act ("Act"), 12 U.S.C. § 1818(e), be modified, for good cause shown, to allow Respondent to transfer the beneficial interest in all of Respondent's shares of Tennessee State Bancshares, Inc. ("Tennessee Bancshares") common stock, currently held in a voting trust for the benefit of Respondent, to two irrevocable family trusts, Proffitt Trust I and Proffitt Trust II (the "Family Trusts"), to be established for the benefit of Respondent's children and their lineal descendants. Legal ownership of the shares of Tennessee Bancshares common stock, and the voting rights attached thereto, shall remain with the voting trust and shall remain subject to the existing Voting Trust Agreement, as amended. All other provisions of the ORDER shall remain in full force and effect.

IT IS FURTHER ORDERED that the Family Trusts shall have only one trustee, Richard Todd Proffitt, son of Respondent and Chairman, President and CEO of Tennessee Bancshares and Tennessee State Bank; the Family Trusts shall not be established as Massachusetts business trusts or unincorporated business associations created by a trust instrument; the Family Trusts shall contain assets from only one grantor, Respondent, and shall hold only the beneficial interest in the shares of Tennessee Bancshares common stock transferred to the trust; and the trustee of the Family Trusts shall contact the FDIC before transferring the beneficial interest in any shares of Tennessee Bancshares common stock owned by the Family Trusts to any other trusts, individuals or entities, in order to determine whether such transfer would require the approval of the FDIC and the Board of Governors of the Federal Reserve System.

IT IS FURTHER ORDERED that Respondent must also obtain the approval of the Board of Governors of the Federal Reserve System, as required by section 8(e)(7)(B)(ii) of the Act, 12 U.S.C. § 1818(e)(7)(B)(ii), before he may transfer the beneficial interest in the shares of Tennessee Bancshares common stock to the Family Trusts, as described above.

Dated at Washington, D. C., this 14th day of August, 2012.

/s/
Serena L. Owens
Associate Director
Division of Risk Management Supervision