FEDERAL DEPOSIT INSURANCE CORPORATION
WASHINGTON, D.C.

In the Matter of VERONICA LEE MORSE, Individually and as a former institution-affiliated party of BANK OF WIGGINS WIGGINS, MISSISSIPPI (Insured State Nonmember Bank)	DECISION AND ORDER TO PROHIBIT FROM FURTHER PARTICIPATION FDIC-16-0211e

I. INTRODUCTION

This matter is before the Board of Directors ("Board") of the Federal Deposit Insurance Corporation ("FDIC") following the issuance on June 19, 2017, of a Recommended Decision on Default ("Recommended Decision" or "R.D.") by Administrative Law Judge C. Richard Miserendino ("ALJ"). The Recommended Decision includes an order that would permanently bar Veronica Lee Morse ("Respondent") from the banking industry pursuant to section 8(e) of the Federal Deposit Insurance Act ("FDI Act") unless the FDIC consents to her further participation. R.D. at 5.

This is an uncontested proceeding. The record shows that Respondent was personally served notice of the charges against her by hand delivery at her home address in Perkinston, Mississippi. The charges are set forth in the FDIC's Notice of Intention to Prohibit from Further Participation ("Notice"). Respondent did not file an Answer to the charges in the Notice or respond to Enforcement Counsel's Motion for Entry of an Order of Default ("Default Motion"), and no good cause has been claimed or given by Respondent for her failure to file an Answer to the Notice or request a hearing. Additionally, Respondent did not respond to the ALJ's Order to Show Cause. R.D. at 1-2. Respondent filed no exceptions to the Recommended Decision. For the reasons discussed below, the Board adopts the Recommended Decision and issues an Order to Prohibit against Respondent.

II. PROCEDURAL HISTORY AND BACKGROUND

On February 24, 2017, the FDIC issued the Notice against Respondent pursuant to section 8(e) of the FDI Act.[1] Respondent, an institution-affiliated party ("IAP") pursuant to section 3(u) of the FDI Act,[2] was an employee of the Bank of Wiggins, Wiggins, Mississippi ("Bank") during the period charged in the Notice, most recently serving as the head teller. The Bank has its principal place of business in Wiggins, Mississippi. Notice ¶¶ 1, 3-4.

Respondent's Misconduct

The Notice alleged that from June 2011 through on or about November 2012, Respondent embezzled approximately $201,000 in Bank cash, converting this cash for her own personal benefit. She attempted to conceal her misconduct by manipulating the Bank's general ledger accounts. Further, she made fraudulent purchases of negotiable instruments using embezzled Bank funds. Respondent acted willfully in the commission of these felony offenses. Notice ¶¶ 5-6, 9.

On September 16, 2013, Respondent pled guilty to two counts of embezzlement in the Circuit Court of Stone County, Mississippi. On September 24, 2013, Respondent was sentenced to two consecutive ten year terms of imprisonment with twelve years suspended, followed by supervised release for the remainder of the sentence. She was further ordered to make restitution to the Bank in the amount of $201,000 and to pay a fine of $2,000, plus Court related costs and fees. Respondent has been released from prison and is currently on parole. Notice ¶¶ 12-14.

[1] 12 U.S.C. § 1818(e).
[2] *Id.* § 1813(u).

Service of the Notice

On March 2, 2017, the FDIC Executive Secretary Section attempted to serve the Notice upon Respondent by Certified Mail, Return Receipt Requested, to her home address in Perkinston, Mississippi. The record is silent on whether that attempt at service was successful, but FDIC Enforcement Counsel subsequently retained a private process server to serve Respondent by personal hand delivery. On or about April 11, 2017, Respondent was personally served notice of the charges against her by hand delivery at her home in Perkinston, Mississippi. R.D. at 1.

Respondent's Default

The Notice directed Respondent to file an Answer within 20 days from the date of service, as required by 12 C.F.R. § 308.19(a). Notice at 5. Respondent failed to file an Answer. R.D. at 2.

On May 9, 2017, 28 days after effecting service of the Notice upon Respondent, the FDIC moved for the entry of an order of default pursuant to 12 C.F.R. § 308.19(c)(1). FDIC Enforcement Counsel served the Default Motion on Respondent at her home in Perkintson,[3] Mississippi, by UPS Next Day Air Delivery. UPS Online Tracking reflects that the Default Motion was successfully delivered on May 10, 2017. R.D. at 2.

On June 1, 2017, the ALJ issued an Order to Show Cause directing that Respondent appear on or before June 16, 2017, and show good cause why a default judgment should not be entered. The Order to Show Cause was served on Respondent at her home in Perkinston, Mississippi, by UPS Next Day Air Delivery. UPS Online Tracking reflects that the Default

[3] There is a variation in the record in the spelling of Respondent's hometown, spelled both as "Perkinson" and "Perkinston." As the Motion for Default and the Order to Show Cause (each reflecting a different spelling) were both successfully delivered, it does not appear that the spelling discrepancies impeded service in this matter.

Motion was successfully delivered on June 2, 2017. Respondent did not appear or show good cause why a default judgment should not be entered. *Id.*

On June 19, 2017, the ALJ granted the FDIC's Default Motion and issued the Recommended Decision, which was served on Respondent at her home in Perkinston, Mississippi, by UPS Next Day Air Delivery. R.D. at 6. Respondent filed no exceptions to the Recommended Decision.

III. DISCUSSION

The Board concurs in and adopts the ALJ's Recommended Decision. Section 308.11 provides that the Notice may be served, among other ways, by personal service. Here, the FDIC sent the Notice to Respondent by certified mail to her home address. R.D. at 1. Although the first attempt at service may have been unsuccessful, Enforcement Counsel made a second attempt by hiring a process server to make personal hand delivery of the Notice. *Id.* On April 11, 2017, Respondent was personally served notice of the charges against her by hand delivery at her home address. *Id.* Accordingly, the Board agrees with the ALJ's finding that Respondent was properly served with the Notice.

The Board also agrees with the ALJ's finding that the undisputed facts in the Notice establish that Respondent, as an IAP of the Bank, violated the law, engaged in unsafe or unsound banking practices, and breached her fiduciary duty to the Bank. R.D. at 4. The facts here satisfy the three standards necessary to sustain a prohibition order under section 8(e) of the FDI Act – misconduct, effects, and culpability.[4] Specifically, Respondent engaged in misconduct by exploiting her position to embezzle Bank funds for her personal financial gain, manipulating the Bank's general ledger accounts, and making fraudulent purchase of negotiable instruments using embezzled Bank funds. R.D. at 3. The effects prong is met because Respondent received a direct

[4] 12 U.S.C. § 1818(e)(1).

financial benefit of $201,000, consisting of the funds she embezzled, and Respondent caused damage or other loss to the Bank.[5] *Id.* Respondent's culpability is evident as she pled guilty to two counts of embezzlement.[6] R.D. at 4. Respondent's conduct involved multiple instances of deliberate deception and personal dishonesty, thus exhibiting a willful and continuing disregard for the Bank's safety and soundness. R.D. at 3-4.

The uncontested allegations establish ample evidence of violations of law and unsafe and unsound banking practices. *See In the Matter of Despina Skabardonis,* 2016 WL 8201948, at *5 (FDIC May 10, 2016) (bank employee who embezzled funds from customer accounts and stole a customer's identity engaged in dishonest behavior, unsafe and unsound banking practices, and breach of fiduciary duty); *see also Lance E. Bauer*, 2012 WL 7152170, at *3 (FDIC Oct. 9, 2012) (bank employee who embezzled funds from bank engaged in dishonest behavior, unsafe and unsound banking practice and breach of fiduciary duty). Respondent's misconduct warrants a permanent bar from the banking industry. *See In the Matter of Despina Skabardonis*, 2016 WL 8201948 at *5-6 (prohibition of bank employee who embezzled funds); *In the Matter of Lance E. Bauer*, 2012 WL 7152170 at *3 (same); *In the Matter of Leann Bennett*, 2004 WL 2185944, at *2 (FDIC Aug. 16, 2004) (same).

Because Respondent failed to file an Answer to the Notice, she waived her right to appear and contest the allegations in the Notice. 12 C.F.R. § 308.19(c)(1); *see also In the Matter of Lance E. Bauer*, 2012 WL 7152170 at *3; *In the Matter of Arlene Shih* 2011 WL 2574393, at *4 (FDIC May 10, 2011); *In the Matter of Leann Bennett*, 2004 WL 2185944 at *3. Accordingly, the final order issued by the Board, which is based upon a failure to answer, "is deemed to be an

[5] *See State of Mississippi v. Veronica Lee Morse*, Cause No. B6601-2013-64 (Circuit Ct. of Stone Cnty., Sept. 24, 2013) (Judgment in a Criminal Case). The criminal judgment reflects that the Bank suffered a loss of $201,000, and Respondent was ordered to make restitution to the Bank in that amount.
[6] *Id.*

order issued upon consent." 12 C.F.R. § 308.19(c)(1). Respondent's failure to appear at the hearing described in the Notice similarly results in Respondent being deemed to have consented to the issuance of an order of prohibition. 12 U.S.C. § 1818(e)(4). Moreover, pursuant to 12 C.F.R. § 308.39(b), Respondent's failure to file exceptions to the Recommended Decision is deemed to be a waiver of any objections to the Recommended Decision. *In the Matter of Lance E. Bauer*, 2012 WL 7152170 at *3; *In the Matter of Arlene Shih*, 2011 WL 2574393 at *4; *In the Matter of Leann Bennett*, 2004 WL 2185944 at *3.

IV. CONCLUSION

After a thorough review of the record in this proceeding and given the Respondent's failure to answer or appear, the Board, for the reasons set forth above, adopts the Recommended Decision, incorporates herein the Findings of Fact and Conclusions of Law set forth in the Notice, and issues the following order implementing its decision.

ORDER TO PROHIBIT

The Board, having considered the entire record of this proceeding, finds that Respondent Veronica Lee Morse, formerly employed by the Bank of Wiggins, Wiggins, Mississippi ("Bank"), engaged in violations of law and unsafe and unsound banking practices for which she received personal financial gain and caused a loss to the Bank. The Board further finds that Respondent's actions involved personal dishonesty and willful and continuing disregard for the Bank's safety and soundness. The Board hereby ORDERS and DECREES that:

1. Veronica Lee Morse shall not participate in any manner in any conduct of the affairs of any insured depository institution, agency, or organization enumerated in section 8(e)(7)(A) of the Federal Deposit Insurance Act ("FDI Act"), 12 U.S.C. § 1818(e)(7)(A), without the prior written consent of the FDIC and the appropriate Federal financial institutions regulatory agency as that term is defined in section 8(e)(7)(D) of the FDI Act, 12 U.S.C. § 1818(e)(7)(D).

2. Veronica Lee Morse shall not solicit, procure, transfer, attempt to transfer, vote, or attempt to vote any proxy, consent, or authorization with respect to any voting rights in any financial institution, agency, or organization identified in section 8(e)(7)(A) of the FDI Act, 12 U.S.C. § 1818(e)(7)(A), without the prior written consent of the FDIC and the appropriate Federal financial institutions regulatory agency, as that term is defined in section 8(e)(7)(D) of the FDI Act, 12 U.S.C. § 1818(e)(7)(D).

3. Veronica Lee Morse shall not violate any voting agreement previously approved by the appropriate Federal banking agency with respect to any insured depository institution, agency, or organization identified in section 8(e)(7)(A) of the FDI Act, 12 U.S.C. § 1818(e)(7)(A), without the prior written consent of the FDIC and the appropriate Federal

financial institutions regulatory agency, as that term is defined in section 8(e)(7)(D) of the FDI Act, 12 U.S.C. § 1818(e)(7)(D).

4. Veronica Lee Morse shall not vote for a director, or serve or act as an institution-affiliated party, as that term is defined in section 3(u) of the FDI Act, 12 U.S.C. § 1813(u), of any insured depository institution, agency, or organization identified in section 8(e)(7)(A) of the FDI Act, 12 U.S.C. § 1818(e)(7)(A), without the prior written consent of the FDIC and the appropriate Federal financial institutions regulatory agency, as that term is defined in section 8(e)(7)(D) of the FDI Act, 12 U.S.C. § 1818(e)(7)(D).

5. This ORDER shall be effective immediately.

SO ORDERED.

IT IS FURTHER ORDERED that copies of this Decision and Order to Prohibit from Further Participation shall be served on Veronica Lee Morse, FDIC Enforcement Counsel, the ALJ, and the Commissioner of the Mississippi Department of Banking and Consumer Finance.

By direction of the Board of Directors.

Dated at Washington, D.C., this 14th day of November, 2017.

__________/s/___________

Valerie J. Best
Assistant Executive Secretary

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