

FEDERAL DEPOSIT INSURANCE CORPORATION

WASHINGTON, D.C.

_____)	
In the Matter of:	)	NOTICE OF INTENTION TO
	)	PROHIBIT FROM FURTHER
PIERCE T. NEESE, individually and as an	)	PARTICIPATION, NOTICE OF
institution-affiliated	)	CHARGES, NOTICE OF
party of	)	ASSESSMENT OF CIVIL
	)	MONEY PENALTIES,
UNITED SECURITY BANK	)	FINDINGS OF FACT AND
SPARTA, GEORGIA	)	CONCLUSIONS OF LAW,
(IN RECEIVERSHIP)	)	ORDER TO PAY, AND NOTICE
	)	OF HEARING
(INSURED STATE NONMEMBER BANK))	
	)	FDIC-13-121e
	)	FDIC-13-122b
	)	FDIC-13-0339k
_____)	

The Federal Deposit Insurance Corporation ("FDIC") has determined that:

PIERCE T. NEESE ("Respondent"), as an institution-affiliated party of United Security Bank, Sparta, Georgia (In Receivership) ("Bank"), has directly or indirectly participated or engaged in 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 suffered a loss or other damage and/or the interests of the Bank's depositors were prejudiced or could be prejudiced and/or that the Respondent received financial gain or other benefit by reason of such practices and/or breaches of fiduciary duty; such 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; and as a result of Respondent's and unsafe or unsound practices Respondent was unjustly enriched.

Further, the FDIC has determined that the Respondent's reckless unsafe or unsound practices, and/or breaches of his fiduciary duty were part of a pattern of misconduct and/or caused or are likely to cause more than a minimal loss to the Bank and/or resulted in pecuniary gain or other benefit to the Respondent.

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); and determining whether an appropriate order should be issued against Respondent under the provisions of section 8(b)(6) of the Act, 12 U.S.C. § 1818(b)(6) requiring him to make restitution or provide reimbursement to the Bank. Further, the FDIC institutes this proceeding for the assessment of civil money penalties pursuant to the provisions of section 8(i)(2)(B) of the Act, 12 U.S.C. § 1818(i)(2)(B).

The FDIC hereby issues this Notice of Intention to Prohibit From Further Participation pursuant to section 8(e) of the Act, 12 U.S.C. § 1818(e); Notice of Charges pursuant to section 8(b)(6) of the Act, 12 U.S.C. § 1818(b); and this Notice of Assessment of Civil Money Penalty, Findings of Fact and Conclusions of Law, Order to Pay, and Notice of Hearing pursuant to section 8(i) of the Act, 12 U.S.C. § 1818(i) (collectively "Notice"); and the FDIC Rules of Practice and Procedure ("FDIC Rules"), 12 C.F.R. Part 308; and alleges as follows:

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 Sparta, 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. At all times pertinent to the charges herein, Respondent was Chairman of the Bank's Board of Directors ("Board") and/or Chief Executive Officer ("CEO") of the Bank.

4. 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).

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

B. Personal Air Travel Expenses on Private Aircraft

6. On eight occasions between September 2008 and September 2009, Respondent caused the Bank to pay for a pilot to fly a private aircraft for his personal travel. The private aircraft was owned by a company that Respondent owned. The personal expenses that Respondent improperly caused the Bank to pay totaled \$23,864.36, and included \$4,766 for flight school training for the pilot.

C. Personal Golf Expenses

7. Between September 1, 2008 and September 3, 2009, Respondent caused the Bank to pay directly or to reimburse him for personal golf expenses totaling \$14,446.39, including a country club membership and greens fees in Naples, Florida.

8. Of that amount, \$7,711.50 was used by Respondent to pre-pay an annual Naples, Florida country club membership for him and his wife shortly before the Bank failed.

D. Respondent Caused the Bank to Pay His Personal Expenses

9. Between September 1, 2008 and October 13, 2009, Respondent caused the Bank to pay approximately 150 personal expenses totaling \$16,075.79. Respondent made inappropriate charges to his Bank-issued American Express card and requested reimbursements for personal expenses charged to his individual VISA credit card and his Regions Bank business card account. Respondent falsely claimed the charges were for public relations, travel, or miscellaneous Bank expenses. The personal expenses included charges to multiple retail stores, pharmacies, numerous personal household expenses, medical expenses, and improvements on Respondent's father's house.

E. Bank Lobby Furniture

10. On or about November 4, 2009, one week before the Bank failed, Respondent removed the furniture owned by the Bank from the Bank lobby for his personal use and caused the Bank to pay \$1,325.00 to replace it.

F. Grounds for Section 8(e) Prohibition Order

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

12. As a result of the Respondent's foregoing acts, omissions and/or practices, the Respondent breached his fiduciary duty as Chairman of the Bank's Board and CEO of the Bank.

13. By reason of the practices or breaches as specified in paragraphs 6 through 10, the interests of the Bank's depositors were or could have been prejudiced.

14. By reason of the practices or breaches as specified in paragraphs 6 through 10, Respondent received financial gain or other benefit.

15. The acts, omissions and/or practices of the Respondent as set forth in paragraphs 6 through 10, evidence the Respondent's personal dishonesty and/or demonstrate his willful or continuing disregard for the safety or soundness of the Bank.

G. Grounds for Section 8(b)(6) Order for Restitution

16. As a result of the foregoing facts and conclusions set forth in paragraphs 10 through 14, the FDIC concludes that Respondent engaged in unsafe or unsound practices in conducting the affairs of the Bank.

17. By reason of such unsafe or unsound banking practices, Respondent was unjustly enriched in the amount of \$55,711.54.

H. Grounds for Section 8(i) Order to Pay

18. As a result of the foregoing facts and conclusions set forth in paragraphs 6 through 15, the FDIC concludes that Respondent recklessly engaged in unsafe or unsound practices in conducting the affairs of the Bank.

19. As a result of the foregoing facts and conclusions set forth in paragraphs 6 through 15, the FDIC concludes that Respondent breached his fiduciary duty to the Bank.

20. As a result of the foregoing facts and conclusions set forth in paragraphs 6 through 15, the FDIC concludes that Respondent's reckless unsafe or unsound practices and/or breaches of fiduciary duty to the Bank were part of a pattern of misconduct.

21. As a result of the foregoing facts and conclusions set forth in paragraphs 6 through 15, the FDIC concludes that Respondent's reckless unsafe or unsound practices and/or breaches of fiduciary duty to the Bank caused more than a minimal loss to the Bank.

ORDER TO PAY

By reason of the reckless unsafe or unsound practices and/or breaches of fiduciary duty set forth in the Notice, the FDIC has concluded that a civil money penalty should be assessed against the Respondent pursuant to section 8(i)(2) of the Act, 12 U.S.C. § 1818(i)(2). After taking into account the appropriateness of the penalties with respect to the size of financial resources and the good faith of the Respondent, the gravity of the reckless unsafe or unsound practices and/or breaches of fiduciary duty, and such other matters as justice may require, it is:

ORDERED, that by reason of the reckless unsafe or unsound practices and/or breaches of fiduciary duty set forth above, a penalty of \$75,000 be, and hereby is, assessed against Respondent pursuant to section 8(i)(2) of the Act, 12 U.S.C. § 1818(i)(2);

FURTHER ORDERED, that the effective date of this Order to Pay be, and hereby is, stayed with respect to the Respondent until 20 days after the date of service of the Notice by the Respondent, during which time the Respondent may file an answer and request a hearing pursuant to section 8(i)(2)(H) of the Act, 12 U.S.C. § 1818(i)(2)(H), and section 308.19 of the FDIC Rules, 12 C.F.R. § 308.19.

If the Respondent fails to file a request for a hearing within 20 days of service of this Notice, the penalty assessed against the Respondent, pursuant to this Order to Pay, will be final and shall be paid within 60 days after the date of service of this Notice.

NOTICE OF HEARING

IT IS FURTHER ORDERED, that, if Respondent requests a hearing with respect to the charges alleged in this Notice, the hearing shall commence sixty (60) days from the date of service of this Notice in Atlanta, Georgia, or at such other date or place upon which the parties to this proceeding and the Administrative Law Judge may agree. The purpose of the hearing will be for the taking of evidence on the charges, findings, and conclusions specified in the Notice to determine: (1) 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) of the Act; (2) whether and whether an order should be issued requiring Respondent to pay restitution of \$55,711.54 to the FDIC, as Receiver of the Bank; and (3) whether the FDIC's Order to Pay should be sustained. EXCEPT THAT, WITH RESPECT TO THE NOTICE OF ASSESSMENT OF CIVIL MONEY PENALTY, RESPONDENT MUST SPECIFICALLY REQUEST A HEARING WITHIN 20 DAYS PURSUANT TO SECTION 12 U.S.C. § 1818(i)(2)(H) AND 12 C.F.R. § 308.19. IF RESPONDENT FAILS TO FILE A REQUEST FOR A HEARING WITHIN 20 DAYS OF THE SERVICE OF THE NOTICE OF ASSESSMENT OF CIVIL MONEY PENALTY ON HIM, THE PENALTY ASSESSED AGAINST HIM PURSUANT TO THE ORDER TO PAY WILL

BE FINAL AND SHALL BE PAID WITHIN 60 DAYS AFTER THE NOTICE OF ASSESSMENT OF CIVIL MONEY PENALTY IS SERVED ON HIM.

The hearing will be public, and in all respects conducted in accordance with the provisions of the Act, 12 U.S.C. §§ 1811-1834a, the Administrative Procedure Act, 5 U.S.C. §§ 551 559, and the FDIC Rules, 12 C.F.R. Part 308. 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 exact time and precise location of the hearing will be determined by the Administrative Law Judge. In the event Respondent requests a hearing, Respondent is hereby directed to file an answer to this Notice within 20 days from the date of service as provided by section 308.19 of the FDIC Rules, 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, 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, Assistant General Counsel, Supervision Branch, 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) against Respondent; an ORDER TO PAY RESTITUTION pursuant to 12 U.S.C. § 1818(b)(6) requiring that Respondent pay restitution to the FDIC, as Receiver of the Bank, in the amount of \$55,711.54; and an ORDER TO PAY pursuant to 12 U.S.C. § 1818(i) requiring that Respondent pay a civil money penalty in the amount of \$75,000.

Pursuant to delegated authority.

Dated this 20th day of August, 2013.

/s/

Christopher J. Newbury
Associate Director
Division of Risk Management Supervision