



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).

The FDIC hereby issues this NOTICE OF INTENTION TO PROHIBIT FROM FURTHER PARTICIPATION ("NOTICE") pursuant to section 8(e) of the Act, 12 U.S.C. § 1818(e) and the FDIC's Rules of Practice and Procedure, 12 C.F.R. Part 308, and alleges as follows:

FINDINGS OF FACT AND CONCLUSIONS OF LAW

**I. Preliminary Allegations**

**A. Preliminary Allegations Regarding the Bank**

1. At all times pertinent to this proceeding, the Bank was a corporation existing and doing business under the laws of the State of Florida, having its principal place of business in Crestview, Florida.

2. The Bank was, at all times relevant to this proceeding, an insured State nonmember bank, subject to the Act, 12 U.S.C. §§ 1811-1831aa, the Rules and Regulations of the FDIC, 12 C.F.R. Chapter III, and the laws of the State of Florida.

3. On or about December 16, 2011, the Bank was closed by the Florida Office of Financial Regulation, which appointed the FDIC as receiver.

B. Preliminary Allegations Regarding Respondent

4. The Bank employed Respondent as President and Chief Executive Officer from November 1, 2005, until Respondent tendered his resignation at the Bank's request on January 20, 2011. At all times pertinent to this proceeding, Respondent held the title President and Chief Executive Officer, in which position he had overall responsibility for loan origination, bank oversight and community relations.

5. At all times pertinent to this action, Respondent was an "institution-affiliated party" ("IAP") of the Bank 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).

6. At all times pertinent to this action, Respondent was the Registered Agent and designated Manager of "MSD Investments, LLC," a limited liability corporation existing and doing business under the laws of the State of Florida, having its principal place of business in Crestview, Florida.

7. At all times pertinent to this action, the only person identified by the Florida Department of State Division of Corporations as a member of MSD Investments, LLC, apart from Respondent, was Respondent's wife, Allison Gunter Davis.

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

**II. God's Kingdom Building Network System Loans**

9. As more particularly alleged hereafter, between September 16, 2008 and his

resignation from the Bank on January 20, 2011, Respondent engaged and participated in unsafe or unsound practices in connection with the Bank, breached his fiduciary duties to the Bank, and engaged in a reckless pattern and practice of nominee lending to individuals associated with "God's Kingdom Building Network Systems, Inc." ("GKBNS").

10. At all times pertinent to this action, GKBNS was a for-profit corporation existing and doing business under the laws of the State of Florida. GKBNS was incorporated February 13, 2007, by Paul Hill, with a stated purpose of "any and all lawful business."

11. At all times pertinent to this action, the registered agent for GKBNS was Sarah Norris-Hill, Paul Hill's wife.

12. GKBNS was administratively dissolved by the Florida Department of State Division of Corporations on September 24, 2010, for failure to file its annual report.

A. EP/CD Loans

13. On or about September 16, 2008, Respondent, in his capacity as a lending officer and as President of the Bank, authorized the funding of three separate but ostensibly related loans totaling \$1,045,000 to E.P. and C.D. (hereinafter, the "EP/CD Loans") (initials only throughout, to preserve Bank customer confidentiality). The stated purposes and terms of the loans were, respectively:

a. Loan 70024604: \$700,000 for the purchase of a single family residence located at 3883 Sand Dune Court, Destin, FL; 12 months at 7%, the borrower to make monthly interest payments with principal and any remaining interest due at maturity.

b. Loan 3073138: \$250,000, as "supplemental capital" for the purchase; 12 months at 8%, principal and interest due at maturity.

c. Loan 70380547: \$95,000, to purchase furniture and equipment and for “contingency funding during rental lease-up period;” 12 month, single-pay note with an interest rate of 8%.

14. The seller of the property at 3883 Sand Dune Court was P.G., Respondent’s father-in-law.

15. On or about September 18, 2008, the closing agent issued checks on the proceeds of the EP/CD Loans totaling \$862,710.95, to satisfy first and second mortgages on the collateral property.

16. On or about September 18, 2008, the closing agent issued a check on the proceeds of the EP/CD Loans for \$81,167.54, payable to E.P. and C.D.

17. On or about September 18, 2008, the closing agent issued a check on the proceeds of the EP/CD Loans for \$60,941.03, payable to the seller, P.G. The check was deposited into a savings account at the Bank in P.G.’s name on or about September 19, 2008.

18. On or about September 22, 2008, the above-referenced \$81,167.54 proceeds check to E.P. and C.D. was deposited with the Bank to open a new account in the name “E.P. or S.A. or C.D. or Sarah Norris-Hill.”

19. On or about September 29, 2008, by means of official check number 156608 issued by the Bank, P.G. transferred \$40,000.00 of the proceeds of the EP/CD Loan to MSD Investments, LLC.

20. On or about September 29, 2008, by means of official check number 156606 issued by the Bank, P.G. transferred \$15,832.46 of the proceeds of the EP/CD Loan to Hill.

21. On or about September 29, 2008, Hill deposited the above-referenced check for \$15,832.46 of the proceeds of the EP/CD Loan into the "E.P. or S.A. or C.D. or Sarah Norris-Hill" account at the Bank, joining the previous deposit made by E.P. and C.D.

22. The funds in the "E.P. or S.A. or C.D. or Sarah Norris-Hill" account were ultimately disbursed to the individuals named on the account, with shares also going to Hill and to "Fair Wind Enterprises, Inc.", a for-profit corporation existing and doing business under the laws of the State of Florida.

23. At all times pertinent to this action, S.A. served as president of "Fair Wind Enterprises, Inc." Paul Hill was registered as vice-president of "Fair Wind Enterprises, Inc." as of April 30, 2009.

24. On or about September 16, 2009, Loan 70024604 was renewed at maturity, with a new term of 36 months at 7.00% interest.

25. On or about September 16, 2009, Loan 3073138 and Loan 70380547 were renewed and consolidated into a new loan, Loan 70380547, with a 20 year term at 7.5% interest.

26. On or about July 6, 2010, the Bank placed both Loan 70024604 and Loan 70380547 on "non-accrual" status.

27. In total, the Bank received only \$133,007 in debt service toward the combined EP/CD Loans. Of that amount, \$126,500 can be directly attributed to payments made by GKBNS, its officers or agents.

28. After the failure of the Bank, the FDIC Division of Resolutions and Receiverships ("the FDIC as Receiver") took the collateral property through a Deed in Lieu of Foreclosure. The

property was sold for its appraised value of \$350,000.

29. At all times pertinent to the combined EP/CD Loans, Respondent was acting in collusion with GKBNS, its officers or agents for the purpose of making a loan to “nominee” or “straw” borrowers, for the benefit of either GKBNS or Respondent himself.

30. In originating, receiving, witnessing, approving, and/or otherwise causing to be processed the combined EP/CD Loans, Respondent falsified information vital to the Bank’s underwriting process.

31. Respondent engaged in unsafe or unsound banking practices or breached his fiduciary duties as an officer of the Bank by and through his failure to follow the Bank’s lending policies. Specifically, Respondent failed to disclose to the Bank the conflict of interest created by his relationship with P.G. and his receipt, through MSD Investments, LLC, of \$40,000 of the proceeds of the loans.

32. By reason of Respondent’s unsafe and unsound banking practices and breaches of his fiduciary duties in connection with the combined EP/CD Loans, Respondent has received financial gain or other benefit, to wit: the use and benefit of \$40,000 of the proceeds of the loans.

33. By reason of Respondent’s unsafe and unsound banking practices and breaches of his fiduciary duties in connection with the combined EP/CD Loans, the Bank and/or the FDIC as Receiver has suffered a financial loss in the amount \$137,839, or an amount to be proven at hearing.

34. By reason of Respondent’s unsafe and unsound banking practices and breaches of his fiduciary duties in connection with the combined EP/CD Loans, the interests of the Bank’s depositors have been or could be prejudiced.

35. Respondent's unsafe and unsound banking practices and breaches of his fiduciary duties in connection with the combined EP/CD Loans, as described herein above, demonstrate: personal dishonesty on the part of Respondent; or his willful disregard for the safety or soundness of the Bank; or with numerous other transactions, as described herein above and throughout this Notice, his continuing disregard for the safety or soundness of the Bank.

B. JS/GS-D Loans

36. On or about February 27, 2009, Respondent, in his capacity as a lending officer and as President of the Bank, authorized the funding of three separate but ostensibly related loans totaling \$850,000 to J.S. and G.S-D. (herein after, the "JS/GS-D Loans"). The stated purposes and terms of the loans were, respectively:

a. Loan 50327992: \$680,000 for the purchase of Lot 10 of The Preserve at Inlet Beach ("Lot 10"); 12 months of monthly interest payments (\$4,339.25) with principal and any remaining interest due in a \$676,845.42 balloon payment at maturity. The interest rate was 6.5%.

b. Loan 50100767: \$85,008.50, also to be used for the purchase of Lot 10; 12 months at 7% interest, with principal and interest due at maturity.

c. Loan 50632213: \$84,991.50, also to be used for the purchase of Lot 10; 12 months of monthly interest payments (\$571.11) with principal and remaining interest due at maturity. The interest rate was 7%.

37. The seller of the property at Lot 10 was Outdoor Investments, LLC, a limited liability corporation existing and doing business under the laws of the State of Florida, having its principal place of business in Crestview, Florida. At all times pertinent to this action, the only members of

Outdoor Investments, LLC were its president, T.C., and his wife, L.C., identified in the records of the Florida Department of State as manager.

38. As noted above, Outdoor Investments, LLC sold Lot 10 to J.S. and G.S-D. for \$850,000. Outdoor Investments, LLC had purchased Lot 10 earlier that same day from F.P., for \$500,000.

39. On or about February 27, 2009, the closing agent wired \$492,300.97 to Country Wide Home Loans to satisfy F.P.'s mortgage on the collateral property.

40. On or about February 27, 2009, the closing agent wired \$317,348.02, representing the profit on the sale, to the Regions Bank account of Outdoor Investments, LLC.

41. On or about March 2, 2009, Outdoor Investments, LLC president T.C. wrote a check for \$297,408.02 of the above-referenced Lot 10 sale profits, payable to MSD Investments, LLC, which check was then deposited into the Regions Bank account of MSD Investments, LLC.

42. On or about March 9, 2009, the Bank opened checking account 1200002280 in the name "FBO J.S. & G.S-D." The account was opened with an initial deposit of \$50,000 directly from GKBNS.

43. Neither J.S. nor G.S-D., the nominal beneficiaries of account 1200002280, were authorized signatories on the account. Paul Hill, who made the initial deposit to open account 1200002280, was not an authorized signatory. Respondent was an authorized signatory on account 1200002280.

44. The Bank's records of activity on account 1200002280 reflect that it was used solely to make payments on the JS/GS-D Loans.

45. Payments on the JS/GS-D Loans were also made directly from GKBNS's account at the Bank.

46. On or about February 27, 2010, Loan 50327992 was renewed at maturity, in the amount \$673,083.27. The new term was 5 years at a rate of 6.5% interest. The renewal called for monthly payments of \$4,341.01, but no payments were ever received on the note after renewal.

47. On or about February 27, 2010, Loan 50100767 and Loan 50632213 were renewed and consolidated into a new loan, Loan 50632213, with a new loan amount of \$169,210.50. The new terms called for 60 monthly payments of \$1,150.00 and one final payment of \$162,797.04. The interest rate of this consolidated loan was 7%. Only one payment was received (May 2010).

48. On or about December 8, 2010, the Bank placed both Loan 50327992 and Loan 50632213 on "forbearance" status.

49. In total, the Bank received only \$44,586.49 in debt service toward the combined JS/GS-D Loans. The entire amount can be directly attributed to payments made by GKBNS, its officers or agents.

50. At all times pertinent to the combined JS/GS-D Loans, Respondent was acting in collusion with GKBNS, its officers or agents for the purpose of making a loan to "nominee" or "straw" borrowers, for the benefit of either GKBNS or Respondent himself.

51. In originating, receiving, witnessing, approving, and/or otherwise causing to be processed the combined JS/GS-D Loans, Respondent falsified information vital to the Bank's underwriting process.

52. Respondent engaged in unsafe or unsound banking practices or breached his fiduciary

duties as an officer of the Bank by and through his failure to follow the Bank's lending policies. Specifically, Respondent failed to disclose to the Bank the conflict of interest created by his receipt, through MSD Investments, LLC, of \$297,408.02 of the proceeds of the loans.

53. By reason of Respondent's unsafe and unsound banking practices and breaches of his fiduciary duties in connection with the combined JS/GS-D Loans, Respondent has received financial gain or other benefit, to wit: the use and benefit of \$297,408.02 of the proceeds of the loans.

54. By reason of Respondent's unsafe and unsound banking practices and breaches of his fiduciary duties in connection with the combined JS/GS-D Loans, the Bank and/or the FDIC as Receiver has suffered or is likely to suffer a financial loss in the amount \$60,241, or an amount to be proven at hearing.

55. By reason of Respondent's unsafe and unsound banking practices and breaches of his fiduciary duties in connection with the combined JS/GS-D Loans, the interests of the Bank's depositors have been or could be prejudiced.

56. Respondent's unsafe and unsound banking practices and breaches of his fiduciary duties in connection with the combined JS/GS-D Loans, as described herein above, demonstrate: personal dishonesty on the part of Respondent; or his willful disregard for the safety or soundness of the Bank; or with numerous other transactions, as described herein above and throughout this Notice, his continuing disregard for the safety or soundness of the Bank.

C. CZ Loans

57. On or about September 2, 2009, Respondent, in his capacity as a lending officer and as President of the Bank, authorized the funding of Loan 50164416, a \$50,000 loan for 12 months at

8% interest, with quarterly interest-only payments beginning December 2, 2009, and principal and remaining interest due at maturity. The nominal borrower was C.Z., whom Respondent described in his memorandum to the Bank's Loan Committee as an "M.D." who was "licensed in Florida & is opening an office here." The stated purpose of the loan was to establish a working capital line of credit for C.Z.'s medical practice.

58. There is no record of C.Z. having earned a medical doctorate, or having ever been licensed to practice medicine in Florida.

59. The pledged collateral for Loan 50164416 was a 1928 Ford Model A, owned by GKBNS's Hill.

60. All proceeds disbursements for Loan 50164416 were made to GKBNS.

61. On or about September 22, 2009, the Bank made the first proceeds disbursement, a \$30,000 check made payable to GKBNS. The check was deposited into the GKBNS account at the Bank.

62. On or about October 29, 2009, the Bank made the second proceeds disbursement, an electronic transfer of \$13,908.35 directly into GKBNS' account at the Bank.

63. The Bank's records reflect the use of the above-described second proceeds disbursement to fund an interest payment and renewal fees, made by GKBNS, on the EP/CD Loans, *supra*.

64. On or about December 3, 2009, the Bank made the third proceeds disbursement, an electronic transfer of \$5,434.26 directly into GKBNS' account at the Bank.

65. The Bank's records reflect the use of the above-described third proceeds disbursement

to fund a mortgage payment, made by GKBNS, on the EP/CD Loans, *supra*.

66. On or about January 12, 2010, Respondent increased C.Z.'s line of credit to \$80,000, for the stated purpose of supplementing working capital for the non-existent medical practice.

67. On or about January 15, 2010, the Bank made a single disbursement of the \$30,000 balance, an electronic transfer directly into GKBNS' account at the Bank.

68. The Bank's records reflect the use of the above-described proceeds disbursement to fund mortgage payments, made by GKBNS, on the EP/CD Loans and the JS/GS-D Loans, *supra*, as well as an interest payment on a mortgage taken out by C.Z., *infra*.

69. On or about March 1, 2010, Respondent, in his capacity as a lending officer and as President of the Bank, authorized the funding of Loan 50424707, a \$355,000 loan to C.Z. for the purchase of a single family residence located at 60 Willow Mist Drive, Panama City Beach, Florida ("Willow Mist"). The note called for 59 monthly principal and interest payments of \$2,148.78, and one final balloon payment of \$332,832.77.

70. The seller of the Willow Mist property was Outdoor Investments, LLC.

71. As noted above, Outdoor Investments, LLC sold the Willow Mist property to C.Z. for \$355,000. Outdoor Investments, LLC had purchased the Willow Mist property earlier that same day from L.C., for \$312,000.

72. On or about March 1, 2010, the closing agent wired \$289,901 to Bank of America to satisfy L.C.'s mortgage on the collateral property.

73. On or about March 1, 2010, the closing agent wired \$26,963.64, representing the profit on the sale, to the Regions Bank account of Outdoor Investments, LLC.

74. On or about March 11, 2010, Outdoor Investments, LLC president T.C. wrote a check for \$21,963.94 of the above-referenced Willow Mist sale profits, payable to GKBNS, which check was then deposited into the GKBNS account at the Bank. According to T.C., that payment was made at the express instruction of Respondent.

75. In total, the Bank received only \$12,943.90 in debt service toward Loan 50424707 from April to November 2010. The entire amount can be directly attributed to payments made by GKBNS, its officers or agents.

76. On or about December 7, 2010, the Bank placed Loan 50424707 on "non-accrual" status.

77. On or about December 8, 2010, on Respondent's recommendation, the Bank's Workout Committee consolidated Loan 50164416 (the line of credit) into Loan 50424707 (the mortgage note), and delayed payment of accrued interest to the end of the note term. C.Z. executed a Loan Modification Agreement on December 15, 2010, memorializing the consolidated amount of \$433,297.79, with the interest rate lowered to 4.25%.

78. During the FDIC's review of the consolidated CZ Loans at a January 2011 visitation, \$50,187 was classified Loss, resulting in a charge-off in that amount. The remainder was classified Substandard.

79. At all times pertinent to the combined CZ Loans, Respondent was acting in collusion with GKBNS, its officers or agents for the purpose of making a loan to "nominee" or "straw" borrowers, for the benefit of either GKBNS or Respondent himself.

80. In originating, receiving, witnessing, approving, and/or otherwise causing to be

processed the combined CZ Loans, Respondent falsified information vital to the Bank's underwriting process.

81. By reason of Respondent's unsafe and unsound banking practices and breaches of his fiduciary duties in connection with the combined CZ Loans, the Bank and/or the FDIC as Receiver has suffered or is likely to suffer a financial loss in the amount \$50,187, or an amount to be proven at hearing.

82. By reason of Respondent's unsafe and unsound banking practices and breaches of his fiduciary duties in connection with the combined CZ Loans, the interests of the Bank's depositors have been or could be prejudiced.

83. Respondent's unsafe and unsound banking practices and breaches of his fiduciary duties in connection with the combined CZ Loans, as described herein above, demonstrate: personal dishonesty on the part of Respondent; or his willful disregard for the safety or soundness of the Bank; or with numerous other transactions, as described herein above and throughout this Notice, his continuing disregard for the safety or soundness of the Bank.

PRAAYER FOR RELIEF PURSUANT TO 12 U.S.C § 1818(e)

84. Based on the charges and the acts, omissions and/or practices described above, the FDIC requests an order prohibiting Respondent from participating, in any manner, in the conduct of the affairs of the Bank, or any other insured depository institution, organization or agency specified in section 8(e)(7)(A) of the Act, 12 U.S.C. § 1818(e)(7)(A), without the prior written consent of the FDIC and/or other appropriate Federal financial institutions regulatory agency, as defined in section 8(e)(7)(D) of the Act, 12 U.S.C. 1818(e)(7)(D).

### OPPORTUNITY FOR HEARING

85. Notice is hereby given that a hearing shall commence at Pensacola, Florida sixty (60) days from the date of service of this NOTICE upon Respondent, or at such place or on such date as the parties to this action and the Administrative Law Judge appointed to hear this matter may agree, for the purpose of taking evidence on the charges herein specified, in order to determine 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 enumerated in 12 U.S.C. § 1818(e)(7)(A) without the prior permission of the FDIC and the appropriate Federal financial institutions regulatory agency, as that term is defined in 12 U. S.C. § 1818 (e)(7)(D).

86. The hearing will be public, and in all respects conducted in accordance with the provisions of the Act, the Administrative Procedure Act, 5 U.S.C. §§ 551-559, and the FDIC Rules of Practice and Procedure, 12 C.F. R. Part 308. The hearing will be held before an Administrative Law Judge appointed by the Office of Financial Institution Adjudication pursuant to 5 U.S.C. § 3105.

87. Respondent is hereby directed to file an answer to this NOTICE OF PROHIBITION within twenty (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 all papers filed in this proceeding shall be served upon the Office of Financial Institution Adjudication, 3501 North Fairfax Dr., Room VS-D8118, Arlington Virginia, 22226. Copies of all papers filed in this proceeding shall be served upon: Robert E. Feldman, Executive Secretary Section, Federal Deposit Insurance Corporation, 550 17th Street, N.W., Room NYA-5070, Washington, D.C. 20429; A.T. Dill, III, Assistant General Counsel, Legal

Division, Enforcement Section, Federal Deposit Insurance Corporation, 550 17th Street, N.W., Room MB-3020, Washington, D. C. 20429; and Andrea Fulton Toliver, Regional Counsel, Federal Deposit Insurance Corporation, Atlanta Regional Office, 10 Tenth Street, NE., Suite 800, Atlanta, Georgia 30309.

Pursuant to delegated authority.

Dated at Washington, D.C., this 19<sup>th</sup> day of August, 2013.

/s/  
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Christopher J. Newbury  
Associate Director  
Division of Risk Management Supervision