

UNITED STATES OF AMERICA
DEPARTMENT OF THE TREASURY
OFFICE OF THE COMPTROLLER OF THE CURRENCY

In the Matter of: Steven R. Lewis former Chief Executive Officer and Director First Place Bank (merged) Warren, Ohio))) AA-EC-2016-44)))
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CONSENT ORDER

WHEREAS, the Office of the Comptroller of the Currency (“OCC”) intends to initiate a cease and desist and civil money penalty proceedings against Steven R. Lewis (“Respondent”) pursuant to 12 U.S.C. § 1818 (b) and (i) on the basis of Respondent’s activities while serving as Chief Executive Officer (“CEO”) and director of First Place Bank, Warren, Ohio (“Bank”);

WHEREAS, in the interest of cooperation and to avoid the costs associated with future administrative and judicial proceedings with respect to the above matter, Respondent, without admitting or denying any wrongdoing, desires to consent to the issuance of this Consent Order (“Order”) issued pursuant to 12 U.S.C. § 1818(b) and (i);

NOW, THEREFORE, it is stipulated by and between the OCC, through the duly authorized representative of the Comptroller of the Currency (“Comptroller”), and Respondent that:

ARTICLE I

JURISDICTION

(1) The Bank was an “insured depository institution” as that term is defined in 12 U.S.C. § 1813(c)(2).

(2) Respondent was an officer and director of the Bank and was an “institution-affiliated party” of the Bank as that term is defined in 12 U.S.C. § 1813(u), having served in such capacity within six (6) years from the date of this Order. *See* 12 U.S.C. § 1818(i)(3).

(3) The Bank was a Federal savings association within the meaning of 12 U.S.C. § 1813(q)(1)(C), and was examined by the OCC. *See* 12 U.S.C. §§ 1461 *et seq.*, 5412(b)(2)(B).

(4) The OCC is the “appropriate Federal banking agency” as that term is defined in 12 U.S.C. § 1813(q) and is therefore authorized to initiate and maintain this cease and desist and civil money penalty action against Respondent pursuant to 12 U.S.C. §§ 1818(b) and (i).

ARTICLE II

COMPTROLLER’S FINDINGS

The Comptroller finds, and Respondent neither admits nor denies, the following:

(1) From 2008 until May 2012, Respondent was the CEO and a director of the Bank.

(2) During the period from 2008 to 2012, Respondent failed to ensure that the Bank properly identified and accounted for problem assets and Troubled Debt Restructurings, to accurately report its income and capital, and to ensure an adequate Allowance for Loan and Lease Losses balance.

(3) Respondent’s actions caused the Bank to file materially inaccurate Thrift Financial Reports (“TFRs”) for years 2008, 2009, 2010, and 2011, and to incur substantial expenses to restate its financials and correct its misstated books and records.

(4) As the CEO of the Bank, Respondent participated in restructuring a cash-out refinance mortgage loan to a troubled borrower of the Bank, who was a partner in Respondent’s outside business.

(5) Respondent used Bank resources for his own personal use.

(6) Respondent failed to timely disclose to the Board a \$9.8 million judgment against him and a troubled borrower of the Bank.

(7) By reason of the foregoing conduct, Respondent engaged in violations of 12 U.S.C. § 1464(v), and 12 C.F.R. §§ 562.2(b), 563.170(c), 563.200, engaged in reckless unsafe or unsound practices, and breached his fiduciary duty to the Bank; which violations, practices, or breaches were part of a pattern of misconduct, and caused loss to the Bank.

ARTICLE III

ORDER FOR CIVIL MONEY PENALTY

Respondent consents to, and it is ORDERED that:

(1) Respondent shall pay a civil money penalty in the amount of fifty thousand dollars (\$50,000), which shall be paid in full according to the following payment schedule:

- (a) Twenty-five thousand dollars (\$25,000) shall be paid upon Respondent's execution of this Order;
- (b) Twelve thousand five hundred dollars (\$12,500) shall be paid no later than February 25, 2017;
- (c) Twelve thousand five hundred dollars (\$12,500) shall be paid no later than August 25, 2017.

(2) Respondent shall make payments by cashier's or certified check made payable to the Treasurer of the United States, and shall deliver the payment to: Office of the Comptroller of the Currency, P.O. Box 979012, St. Louis, Missouri 63197-9000. The docket number of this case (AA-EC-2016-44) shall be entered on the submitted payment.

(3) If Respondent fails to comply with any provision of this Order, then the entire

balance of the civil money penalty amount described in this Article shall become immediately due and payable.

(4) This Order shall be enforceable to the same extent and in the same manner as an effective and outstanding order that has been issued and has become final pursuant to 12 U.S.C. § 1818.

(5) Within seven (7) days from the issuance of this Order, Respondent shall notify the Director of the Enforcement & Compliance Division (“Enforcement Director”) of the address of his current place of residence, by completing the form attached hereto as Appendix A.

(6) Until the civil money penalty is paid in full, upon each and every subsequent change in place of residence, if any, Respondent shall notify the Enforcement Director of his new address within seven (7) days of such change in address, by sending written notice to Enforcement Director, 400 7th Street S.W., Washington, DC 20219.

ARTICLE IV

BANKRUPTCY

(1) If Respondent files for bankruptcy protection, Respondent shall notify the Enforcement Director within ten (10) days of the filing and shall provide a copy of the filing to the Enforcement Director.

(2) In any bankruptcy proceeding in which it is or may be contended that Respondent’s obligation to pay a civil money penalty pursuant to this Order is subject to discharge, Respondent will in no manner contest the assertion of the OCC or any officer, employee, or agent of the OCC or any agent, officer, or representative of the United States, pursuant to 11 U.S.C. § 523(a) or otherwise, that the civil money penalty obligation in the Order

arises out of acts which result in claims not dischargeable in bankruptcy.

ARTICLE V

ORDER TO CEASE AND DESIST

Respondent consents to, and it is ORDERED that:

(1) Whenever Respondent is employed by, is offered employment at, or is otherwise affiliated with an insured depository institution (as defined in 12 U.S.C. § 1813(c)(2)) or otherwise becomes an institution-affiliated party (“IAP”) within the meaning of 12 U.S.C. § 1813(u), Respondent shall:

- (a) Comply fully with all laws, regulations, and policies applicable to any insured depository institution with which he is or may become affiliated;
- (b) Avoid engaging in any unsafe or unsound practices, as that term is used in Title 12 of the United States Code;
- (c) Fulfill the fiduciary duties of loyalty and care owed to any insured depository institution with which he is or may become affiliated;
- (d) Within three months of becoming an IAP of an insured depository institution, receive additional training related to safe and sound lending practices and loan classifications;
- (e) Maintain proper and complete documentation to support the business purpose of expenses he incurs on behalf of any insured depository institution with which he is or may become affiliated;
- (f) Avoid conflicts of interest and disclose all relevant information to an executive officer (as defined in 12 C.F.R. § 215.2(e)) or the board of any insured depository institution with which he is or may become affiliated

concerning any potential conflicts of interest;

- (g) Refrain from participating in any manner or voting on any transaction of the insured depository institution of which Respondent is an IAP in which he has a personal interest and from which he may derive a direct or indirect benefit;
- (h) Obtain prior written approval from an executive officer or the board of the insured depository institution of which Respondent is an IAP to engage in personal business with any customer, borrower, or applicant of the depository institution;
- (i) Make written disclosure to an executive officer or the board of any personal interest in the business of a borrower, an applicant, or other customer of the insured depository institution of which Respondent is an IAP;
- (j) To the extent that Respondent oversees, has responsibility over, or influences the financial reporting function of an insured depository institution, ensure that the reports of condition accurately and completely reflect the financial condition of the institution;
- (k) To the extent that Respondent oversees or has responsibility over the credit administration function of an insured depository institution, make certain that any extension of credit made by the insured depository institution is properly underwritten in accordance with such institution's policies and procedures and in accordance with safe and sound banking practices, including, but not limited to:

- (i) Obtaining borrower financial information sufficient to support and document the borrower's ability to repay the debt under the proposed terms of the extension of credit; and
 - (ii) Obtaining and documenting the value of the collateral in accordance with 12 C.F.R. §§ 34.43 and 34.44;
- (l) Review and familiarize himself with, and adhere to, all written policies and procedures, including any applicable conflicts of interest policy, of any insured depository institution with which he is or may become affiliated. In the event that the Respondent is affiliated with an insured depository institution with written policies and procedures that are more stringent than the provisions of this Order, Respondent shall adhere to the written policies and procedures of such insured depository institution; and
- (m) With respect to any future employment, prior to accepting any offer of a position that causes Respondent to become an IAP of an insured depository institution, provide the President or Chief Executive Officer of the insured depository institution with a copy of this Order. Respondent shall provide written notice of such acceptance to the Director, Enforcement and Compliance Division, Office of the Comptroller of the Currency, 400 7th St., SW, Washington, D.C. 20219, along with a written certification of his compliance with this paragraph (1)(m) within ten (10) days after acceptance of such position.

(2) If, at any time, Respondent is uncertain whether a situation implicates Article V of this Order, or if Respondent is uncertain about his duties arising from these or any other

requirements of this Order, he shall obtain, at his own expense, and abide by the written advice of counsel regarding his duties and responsibilities with respect to the matter. To comply with this paragraph, Respondent shall engage counsel who is in no way affiliated with the insured depository institution; and who has never been subject to any formal sanctions by any Federal banking agency, either by agency order or consent, as disclosed on the banking agencies' web sites.

(3) This Order shall be enforceable to the same extent and in the same manner as an effective and outstanding order that has been issued and has become final pursuant to 12 U.S.C. § 1818.

ARTICLE VI

CLOSING

- (1) By executing this Order, Respondent waives:
- (a) the right to a Notice of Charges for Issuance of an Order to Cease and Desist and Notice of Civil Money Penalty Assessment under 12 U.S.C. § 1818(b) and (i);
 - (b) all rights to a hearing and a final agency decision pursuant to 12 U.S.C. § 1818(b), and (i) and 12 C.F.R. Part 109;
 - (c) all rights to seek judicial review of this Order;
 - (d) all rights in any way to contest the validity of this Order; and
 - (e) any and all claims for fees, costs, or expenses against the United States, the OCC, or any officer, employee, or agent of the OCC, related in any way to this enforcement matter or this Order, whether arising under common law or under the terms of any statute, including, but not limited to, the Equal

Access to Justice Act, 5 U.S.C. § 504 and 28 U.S.C. § 2412.

(2) Respondent shall not cause, participate in, or authorize the Bank (or any subsidiary or affiliate of the Bank) to incur, directly or indirectly, any expense relative to the negotiation and issuance of this Order except as permitted by 12 C.F.R. § 145.121 and Part 359. In addition, Respondent shall not, directly or indirectly, obtain or accept any indemnification (or other reimbursement) from the Bank (or any subsidiary or affiliate of the Bank) with respect to such amounts except as permitted by 12 C.F.R. § 145.121 and Part 359; provided, however, Respondent may not obtain or accept such indemnification with respect to payment of the civil money penalty.

(3) Respondent acknowledges that he has read and understands the premises and obligations of this Order and declares that no separate promise or inducement of any kind has been made by the OCC or any officer, employee, or agent of the OCC to cause or induce Respondent to agree to consent to the issuance of this Order and/or to execute this Order.

(4) This Order constitutes a settlement of any proceedings arising out of the facts, omissions, or violations described in the Comptroller's Findings (Article II of this Order). The OCC agrees not to institute the proceedings referenced in the first whereas clause of this Order for the specific acts, omissions, or violations described in Article II of this Order unless such acts, omissions, or violations reoccur. However, the specific acts, omissions, or violations described in Article II may be used by the OCC in future enforcement actions to establish a pattern of misconduct or the continuation of a pattern of misconduct.

(5) This Order shall not be construed as an adjudication on the merits and, except as set forth in paragraph (4) above, shall not inhibit, estop, bar, or otherwise prevent the OCC from taking any action affecting Respondent if, at any time, the OCC deems it appropriate to do so to

fulfill the responsibilities placed upon the OCC by the several laws of the United States.

(6) Nothing in this Order shall preclude any proceedings brought by the OCC to enforce the terms of this Order, and nothing in this Order constitutes, nor shall Respondent contend that it constitutes, a waiver of any right, power, or authority of any other representatives of the United States or agencies thereof, including the Department of Justice, to bring other actions deemed appropriate.

(7) This Order is intended to be, and shall be construed to be, a final order issued pursuant to 12 U.S.C. § 1818, and expressly does not form, and may not be construed to form, a contract binding on the United States, the OCC, or any officer, employee, or agent of the OCC. Respondent expressly acknowledges that no officer, employee, or agent of the OCC has statutory or other authority to bind the United States, the United States Treasury Department, the OCC, or any other federal bank regulatory agency or entity, or any officer, employee, or agent of those entities, to a contract affecting the OCC's exercise of its supervisory responsibilities.

(8) This Order is "issued with the consent of . . . the institution-affiliated party concerned," pursuant to 12 U.S.C. § 1818(h)(2).

(9) The terms of this Order, including this paragraph, are not subject to amendment or modification by any extraneous expression, prior agreements, or prior arrangements between the parties, whether oral or written.

(10) The provisions of this Order are effective upon issuance by the OCC, through the Comptroller's duly authorized representative, whose hand appears below, and shall remain effective and enforceable, except to the extent that, and until such time as, any provisions of this Order shall have been amended, suspended, waived, or terminated in writing by the OCC, through the Comptroller's duly authorized representative.

IN TESTIMONY WHEREOF, the undersigned has hereunto set his hand.

//S//Steven R. Lewis

8-25-16

Steven R. Lewis

Date

IT IS SO ORDERED.

//S//Michael R. Brickman

8/25/16

Michael R. Brickman
Deputy Comptroller for Special Supervision

Date