

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

In the Matter of:

Ryan Steger
Former President, CEO, and Director

Commonwealth Bank, FSB
Mount Sterling, Kentucky

AA-CE-2015-55

CONSENT ORDER

WHEREAS, the Comptroller of the Currency of the United States of America (“Comptroller” or “OCC”) intends to initiate civil money penalty proceedings against Ryan Steger (“Respondent”) pursuant to 12 U.S.C. § 1818(i) on the basis of Respondent’s actions while employed as President, Chief Executive Officer (“CEO”), and Director of Commonwealth Bank, FSB, Mount Sterling, Kentucky (“Bank”) during the period of at least January 2013 through May 2015; and

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 enter into this Consent Order (“Order”) issued pursuant to 12 U.S.C. § 1818(i);

NOW, THEREFORE, in consideration of the above premises, it is stipulated by and between the Comptroller, through his duly authorized representative, and Respondent, that:

Initials: /s/
Date: 7-28-15

Article I

JURISDICTION

(1) The Bank was a “Federal savings association” within the meaning of 12 U.S.C. 1813(b) and 12 U.S.C. 1462(3) during the period relevant to this action. Accordingly, the Bank was an “insured depository institution” as that term is defined in 12 U.S.C. § 1813(c)(2). The Bank was acquired by Poage Bankshares, Inc. in a conversion merger transaction on May 31, 2015.

(2) Respondent was President, CEO, and Director of the Bank and is 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 hereof (*see* 12 U.S.C. § 1818(i)(3)).

(3) Pursuant to 12 U.S.C. § 1813(q), the Comptroller is the “appropriate Federal banking agency” to maintain enforcement proceedings against institution-affiliated parties of the Bank. Therefore, Respondent is subject to the authority of the Comptroller to initiate and maintain civil money penalty proceedings against him pursuant to 12 U.S.C. § 1818(i).

Article II

COMPTROLLER’S FINDINGS

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

(1) The Comptroller and the Bank entered into a formal agreement on January 8, 2013 (“Formal Agreement”);

(2) Respondent was President, CEO, and Director of the Bank from prior to January 8, 2013 through May 31, 2015.

(3) Article IV of the Formal Agreement required the Board to “develop, implement and thereafter ensure Bank adherence to a written program to establish internal controls to

safeguard and manage Bank assets and ensure Bank resources are only used for legitimate business purposes.” Accordingly, the Board of Directors adopted the “Internal Controls Guidance Procedures for Business Expenses for Travel, Entertainment & Reimbursements for Directors, Officers, Employees or Affiliates,” effective February 15, 2013 (“Internal Controls Policy”), requiring Bank employees, directors, and officers to keep records substantiating the business purpose for each charge to the Bank’s credit card.

(4) Between July 2014 and February 2015, Respondent used the Bank’s credit card for personal fuel expenses approximately 32 times, totaling approximately \$2,200, causing the Bank to pay for Respondent’s personal expenses in violation of the Formal Agreement and in contravention of the Internal Controls Policy. On or about April 6, 2015, Respondent reimbursed the Bank for payments the Bank made on his behalf for personal fuel expenses.

(5) By reason of the foregoing conduct, Respondent caused, brought about, participated in, counseled, or aided or abetted the Bank’s violation of the Formal Agreement, recklessly engaged in an unsafe or unsound practice, and breached his fiduciary duty to the Bank. Respondent’s actions resulted in pecuniary gain to him.

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 five thousand dollars (\$5,000), which shall be paid in full upon Respondent’s execution of this Order.

(2) Respondent shall make payment by certified check or money order made payable to the Treasurer of the United States and shall deliver the payment to: Comptroller of the

Currency, P.O. Box 979012, St. Louis, Missouri 63197-9000. The docket number of this case (AA-CE-2015-55) shall be entered on the submitted payment.

(3) A copy of the check or money order used to pay the civil money penalty shall be returned along with this original executed Order to the District Counsel, Central District Office, Office of the Comptroller of the Currency, 440 South LaSalle Street, Suite 2700, Chicago, Illinois 60605.

(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.

Article IV

CLOSING

- (1) By executing this Order, Respondent waives:
 - (a) the right to the issuance of a Notice of Assessment of Civil Money Penalty under 12 U.S.C. § 1818;
 - (b) all rights to a hearing and a final agency decision pursuant to 12 U.S.C. § 1818 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 Comptroller, or any of his agents or employees, 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 Town Square Bank, Ashland, Kentucky (“Town Square”) (or any subsidiary or affiliate thereof) to incur, directly or indirectly, any expense for the payment of the civil money penalty under this Order, or any legal (or other professional) 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 Town Square (or any subsidiary or affiliate thereof) 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 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 Comptroller, his agents, or employees to cause or induce Respondent to agree to consent to the issuance of this Order or to execute this Order.

(4) This Order constitutes a settlement of the civil money penalty proceedings arising out of the specific acts, omissions, or violations described in the Comptroller’s Findings (Article II of this Order). The Comptroller 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 Comptroller in future enforcement actions to establish a pattern of misconduct or the continuation of a pattern of misconduct.

(5) The provisions of this Order shall not be construed as an adjudication on the merits and, except as set forth above in paragraph (4), shall not inhibit, estop, bar, or otherwise

prevent the Comptroller from taking any action affecting Respondent if, at any time, he deems it appropriate to do so to fulfill the responsibilities placed upon him by the several laws of the United States of America (“United States”).

(6) Respondent understands that nothing in this Order shall preclude any proceedings brought by the Comptroller to enforce the terms of this Order, and that 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 the Comptroller or the United States. Respondent expressly acknowledges that no officer or employee of the Comptroller has statutory or other authority to bind the United States, the United States Department of the Treasury, the Comptroller, or any other federal bank regulatory agency or entity, or any officer or employee of any of those entities, to a contract affecting the Comptroller’s exercise of his 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 Comptroller through his 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 Comptroller, through his authorized representative.

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

/s/
Ryan Steger

7-28-15
Date

IT IS SO ORDERED.

/s/
Blake Paulson
Deputy Comptroller
Central District

8/3/15
Date