

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

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<b>In the Matter of:</b>	)	
<b>Gary P. Norris</b>	)	
<b>Former Senior Vice President and Director</b>	)	<b>OCC-AA-EC-06-10</b>
<b>Home National Bank</b>	)	
<b>Racine, Ohio</b>	)	

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**STIPULATION AND CONSENT ORDER**

WHEREAS, the Comptroller of the Currency of the United States of America (“Comptroller”) intends to initiate prohibition, cease and desist, and civil money penalty proceedings against Gary P. Norris, (“Respondent”), former Senior Vice President and Director of Home National Bank, Racine, Ohio, (“Bank”) pursuant to 12 U.S.C. § 1818(b), (e), and (i) (as amended); and

WHEREAS, if charges were brought, the Comptroller would allege that Respondent, as Senior Vice President and Director of the Bank:

- participated in violations of a January 1999 Formal Agreement;
- breached his fiduciary duty to the Bank;
- recklessly engaged in unsafe or unsound banking practices; and
- participated in violations of law and/or regulation.

WHEREAS, the specific bases for the alleged violations, breaches and unsafe or unsound practices set forth in a notice of charges would include, but not be limited to, the following allegations:

(1) Respondent violated the January 1999 Formal Agreement, specifically

Articles IV-V, pertaining to “Credit/Loan Administration,” and “Credit and

Collateral Exceptions,” and such violations resulted in loan charge-offs and loss to the Bank.

- (2) Respondent breached his fiduciary duty to the Bank by engaging in self-dealing and improperly diverting assets of the Bank for the benefit of Respondent, his relatives, friends, and/or business associates, resulting in loss to the Bank and/or personal gain to Respondent. Such conduct, also constituted unsafe or unsound banking practices.
- (3) By reason of Respondent’s violations, practices, and breaches, the Bank has suffered financial loss or other damage, and/or Respondent received financial gain or other benefit.
- (4) Such violations, practices, and breaches involved personal dishonesty on the part of Respondent, and/or demonstrated a willful or continuing disregard for the Bank’s safety and soundness.
- (5) Respondent was unjustly enriched in connection with such violations and practices, and Respondent’s violations and practices involved a reckless disregard for the law or prior order.
- (6) Respondent’s violations, practices, and breaches were part of a pattern of misconduct, and caused more than a minimal loss to the Bank, and resulted in pecuniary gain or other benefit to Respondent.

WHEREAS, in the interest of cooperation and to avoid the costs associated with future administrative and judicial proceedings with respect to this matter, Respondent, without admitting or denying any wrongdoing, desires to enter into this Stipulation and Consent Order (“Order”);

NOW, THEREFORE, in consideration of the above premises, it is stipulated by and

between the Comptroller, through his duly authorized representative, and Respondent that:

## **Article I**

### **JURISDICTION**

(1) Home National Bank (“Bank”) is a national banking association, chartered and examined by the Comptroller, pursuant to the National Bank Act of 1864, as amended, 12 U.S.C. § 1 et seq. Accordingly, the Bank is an “insured depository institution” as that term is defined in 12 U.S.C. § 1813(c)(2).

(2) Respondent was a Senior Vice President 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 an enforcement proceeding against institution-affiliated parties. Therefore, Respondent is subject to the authority of the Comptroller to initiate and maintain prohibition, cease and desist, and civil money penalty proceedings against him pursuant to 12 U.S.C. § 1818(b), (e) and (i).

## **Article II**

### **PROHIBITION ORDER**

(1) With respect to the institutions and agencies set forth in paragraph (2) of this Article, Respondent, without admitting or denying any wrongdoing, hereby agrees that he shall not:

- (a) participate in any manner in the conduct of their affairs;
- (b) solicit, procure, transfer, attempt to transfer, vote, or attempt to vote any proxy, consent, or authorization with respect to any voting rights;

- (c) violate any voting agreement previously approved by the “appropriate Federal banking agency,” as defined in 12 U.S.C. § 1813(q) (as amended); or
- (d) vote for a director, or serve or act as an “institution-affiliated party,” as defined in 12 U.S.C. § 1813(u) (as amended).

(2) The prohibitions in paragraph (1) of this Article apply to the following institutions and agencies:

- (a) any insured depository institution, as defined in 12 U.S.C. § 1813(c);
- (b) any institution treated as an insured bank under 12 U.S.C. §§ 1818(b)(3), (b)(4), or as a savings association under 12 U.S.C. § 1818(b)(9) (as amended);
- (c) any insured credit union under the Federal Credit Union Act;
- (d) any institution chartered under the Farm Credit Act of 1971;
- (e) any appropriate Federal depository institution regulatory agency; and
- (f) the Federal Housing Finance Board and any Federal Home Loan Bank.

(3) The prohibitions of paragraphs (1) and (2) of this Article shall cease to apply with respect to a particular institution if Respondent obtains the prior written consent of both the Comptroller and the institution's “appropriate Federal financial institutions regulatory agency,” as defined in 12 U.S.C. § 1818(e)(7)(D) (as amended).

(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(b), (e), (h), or (i) (as amended).

### **Article III**

#### **CIVIL MONEY PENALTY ORDER**

(1) Respondent further consents, without admitting or denying any wrongdoing, to the payment of a civil money penalty in the amount of One Hundred Thousand Dollars (\$100,000) in accordance with the following procedure and schedule.

(2) On or before May 30, 2006, Respondent shall make a payment of Ten Thousand Dollars (\$10,000). Respondent shall thereafter make monthly payments of Seven Hundred and Fifty Dollars (\$750.00) on or before the 30<sup>th</sup> of each month, commencing on June 30, 2006 and continuing for the next 120 months, or until such time as the remaining balance of the civil money penalty is paid in full.

(3) Respondent shall make all payments by check or money order made payable to the Treasurer of the United States and shall deliver payment to: Comptroller of the Currency, P.O. Box 979012, St. Louis, MO 63197-9000. The docket number, AA-EC-06-10, should be entered on the memo line of the check.

(4) Respondent shall also deliver a copy of the check to Director, Enforcement & Compliance Division, Office of the Comptroller of the Currency, 250 E St., S.W., Washington, D.C. 20219. To ensure prompt delivery, Respondent may also fax a copy of the check to the Enforcement Director at (202) 874-5301.

(5) In the event Respondent fails to make payment as provided in this Article, the entire unpaid balance of the total amount of civil money penalty shall become immediately due and payable.

(6) 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(b), (e), (h), or (i) (as amended).

(7) Within seven (7) days from the issuance of this Order, Respondent shall notify the Enforcement Director of his current residential address, by completing the form attached hereto as Appendix A.

(8) Until the civil money penalty is paid in full, upon each and every subsequent change in address, if any, Respondent shall notify the Director of Enforcement, at the address set forth above in paragraph (4), of his new address within seven (7) days of such change in address.

#### **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, Respondent agrees that he will in no manner contest the assertion of the Comptroller 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 this Order arises out of acts or claims which result in claims not dischargeable in bankruptcy.

#### **Article V**

#### **WAIVERS**

(1) By executing this Order, Respondent waives:

- (a) the right to the issuance of Notice of Charges and a Notice of Intention to Prohibit Further Participation, and a Notice of Civil Money Penalty Assessment under 12 U.S.C. § 1818(b), (e) and (i);
- (b) all rights to a hearing and a final agency decision pursuant to 12 U.S.C. § 1818(b), (e) and (i) and 12 C.F.R. Part 19;
- (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 the Bank (or any subsidiary or affiliate thereof) to incur, directly or indirectly, any expense for the payment of the civil money penalty or restitution under this Order, or any legal (or other professional) expense relative to the negotiation and issuance of this Order except in accordance with 12 C.F.R. § 7.2014 and Part 359; and Respondent shall not, directly or indirectly, obtain or accept any indemnification (or other reimbursement) from the Bank (or any subsidiary or affiliate thereof) with respect to such amounts except in accordance with 12 C.F.R. § 7.2014 and Part 359.

(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 the Respondent to agree to consent to the issuance of this Order and/or to execute this Order.

(4) It is hereby agreed that the provisions of this Order constitute a settlement of these prohibition, civil money penalty and cease and desist proceedings contemplated by the Comptroller. The Comptroller agrees not to institute proceedings for the specific acts, omissions, or violations, unless such acts, omissions, or violations reoccur.

(5) It is further agreed that the provisions of this Order shall not be construed as an adjudication on the merits and, except as set forth above, shall not inhibit, estop, bar, or otherwise prevent the Comptroller from taking any action affecting the 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.

(6) Respondent understands that nothing herein shall preclude any proceedings brought by the Comptroller to enforce the terms of this Order, and that nothing herein 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.

IN TESTIMONY WHEREOF, the undersigned have hereunto set their hands.

*Ronald G. Schneck*

4/13/2006

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Ronald G. Schneck  
Director  
Special Supervision Division

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Date

4/7/2006

*Gary P. Norris*

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Gary P. Norris

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Date