

UNITED STATES OF AMERICA
BEFORE
THE BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM
WASHINGTON, D.C.

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| _____) | |
| In the Matter of) | Docket No. 07-27-E-I |
|) | |
| RUSSELL K. HENRY) | Order of Prohibition |
|) | Issued Upon Consent |
| A Former Institution-Affiliated) | Pursuant to Section 8(e) |
| Party of FNB Southeast,) | of the Federal Deposit |
| Reidsville, North Carolina) | Insurance Act, as Amended |
| _____) | |

WHEREAS, pursuant to sections 8(e) and (i)(3) of the Federal Deposit Insurance Act, as amended (the “FDI Act”), 12 U.S.C. §§ 1818(e) and (i)(3), the Board of Governors of the Federal Reserve System (the “Board of Governors”) issues this Order of Prohibition upon the consent of Russell K. Henry, a former employee and institution-affiliated party, as defined in section 3(u) of the FDI Act, 12 U.S.C. § 1813(u), of the former FNB Southeast (the “Bank”), relating to Henry’s participation in violations of law, unsafe and unsound banking practices, and breaches of fiduciary duty to the Bank in connection with his making of at least \$786,694.89 in unsecured loans to his elderly mother, a substantial portion of the proceeds of which were used for Henry’s personal benefit;

WHEREAS, the Bank was a state member bank at the time of the events that gave rise to the issuance of this Order and at the time of Henry’s termination of employment with the Bank;

WHEREAS, Henry has signed a promissory note in the amount of \$809,406.57 as restitution to the Bank for the unpaid loans made to his mother; and

WHEREAS, by affixing his signature hereunder, Henry has consented to the issuance of this Order by the Board of Governors and has agreed to comply with each and every provision of this Order, and has waived any and all rights he might have pursuant to 12 U.S.C. § 1818, 12 C.F.R. Part 263, or otherwise: (a) to the issuance of a notice of intent to prohibit on any matter implied or set forth in this Order; (b) to a hearing for the purpose of taking evidence with respect to any matter implied or set forth in this Order; (c) to obtain judicial review of this Order or any provision hereof; and (d) to challenge or contest in any manner the basis, issuance, terms, validity, effectiveness, or enforceability of this Order or any provision hereof.

NOW, THEREFORE, prior to the taking of any testimony or adjudication of or finding on any issue of fact or law implied or set forth herein, and without this Order constituting an admission by Henry of any allegation made or implied by the Board of Governors in connection with this proceeding, and solely for the purpose of settlement of this proceeding without protracted or extended hearings or testimony:

IT IS HEREBY ORDERED, pursuant to sections 8(e) and (i)(3) of the FDI Act, 12 U.S.C. §§ 1818(e) and (i)(3), that:

1. Henry, without the prior written approval of the Board of Governors and, where necessary pursuant to section 8(e)(7)(B) of the FDI Act, 12 U.S.C. § 1818(e)(7)(B), another Federal financial institutions regulatory agency, is hereby and henceforth prohibited from:

(a) participating in any manner in the conduct of the affairs of any institution or agency specified in section 8(e)(7)(A) of the FDI Act, 12 U.S.C.

§ 1818(e)(7)(A), including, but not limited to, any insured depository institution or any holding company of an insured depository institution;

(b) soliciting, procuring, transferring, attempting to transfer, voting or attempting to vote any proxy, consent, or authorization with respect to any voting rights in any institution described in section 8(e)(7)(A) of the FDI Act, 12 U.S.C.

§ 1818(e)(7)(A);

(c) violating any voting agreement previously approved by any Federal banking agency; or

(d) voting for a director, or serving or acting as an institution-affiliated party, as defined in section 3(u) of the FDI Act, 12 U.S.C. § 1813 (u), such as an officer, director or employee, in any institution described in section 8(e)(7)(A) of the FDI Act, 12 U.S.C. § 1818(e)(7)(A).

2. All communications regarding this Order shall be addressed to:

(a) Ms. Lauren Ware
Assistant Vice President
Department of Banking Supervision and Regulation
Federal Reserve Bank of Richmond
P.O. Box 85029
Richmond, VA 23261

(b) Mr. Russell K. Henry
1422 Weavers Road
Harrisonburg, VA 22802

3. Any violation of this Order shall separately subject Henry to appropriate civil or criminal penalties, or both, under sections 8(i) and (j) of the FDI Act, 12 U.S.C §§ 1818(i) and (j).

4. The provisions of this Order shall not bar, estop, or otherwise prevent the Board of Governors, or any other Federal or state agency or department, from taking any other action affecting Henry; provided, however, that the Board of Governors shall not take any further action against Henry relating to the matters addressed by this Order based upon facts presently known by the Board of Governors.

5. Each provision of this Order shall remain fully effective and enforceable until expressly stayed, modified, terminated, or suspended in writing by the Board of Governors.

By order of the Board of Governors of the Federal Reserve System, effective this 28th day of February, 2008.

BOARD OF GOVERNORS OF THE
FEDERAL RESERVE SYSTEM

/s/ Russell K. Henry
Russell K. Henry

By: /s/ Jennifer J. Johnson
Jennifer J. Johnson
Secretary of the Board