

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

and

ALABAMA STATE BANKING DEPARTMENT

In the Matter of:

MICHAEL J. WILLOUGHBY

a former Institution-Affiliated  
Party of Regions Bank,  
Birmingham, Alabama

FRB Docket No. 14-018-E-I

Order of Prohibition  
Issued Upon Consent

WHEREAS, the Board of Governors of the Federal Reserve System (the “Board of Governors”), pursuant to Sections 8(e) and 8(i)(3) of the Federal Deposit Insurance Act, as amended (the “FDI Act”), (12 U.S.C. §§ 1818(e) and (i)(3)), and the Alabama State Banking Department (the “Department”) (collectively the “Supervisors”), issue this Order of Prohibition upon the consent of Michael J. Willoughby (“Willoughby”), a former employee and institution-affiliated party, as defined in Section 3(u) of the FDI Act, (12 U.S.C. § 1813(u)), of Regions Bank, Birmingham, Alabama (“Regions Bank” or the “Bank”), a state member bank;

WHEREAS, the Board of Governors and the Department conducted joint investigations into the practices of Regions Bank concerning whether the Bank, or any institution-affiliated party, as that term is defined in Section 1813(u) of the Federal Deposit Insurance Act, as amended (12 U.S.C. §§ 1813(u)) (the “FDI Act”), of the Bank had engaged or participated in any violations of law, rule or regulation, unsafe or unsound practices, or breaches of fiduciary duty in

connection with, *inter alia*, Regions Bank's reporting of commercial real estate loans or other loans held by the Bank for nonaccrual status at the end of the first quarter of 2009 and the Bank's response to the Supervisors' May 2009 targeted bank examination of the Bank's process for identifying and reporting nonaccrual loans;

WHEREAS, the Supervisors' investigations into the Bank's 2009 conduct identified then-existing deficiencies in Regions Bank's oversight of its risk management function associated with the Bank's reporting of commercial real estate or other loans held by the Bank for nonaccrual status, and the accuracy and completeness of the Bank's response to requests for information from the Supervisors and their examiners in response to the May 2009 targeted examination of the Bank's processing of nonaccrual loans;

WHEREAS, this Order of Prohibition (the "Order") is issued with respect to the following:

A. During the first quarter of 2009, Willoughby caused Regions Bank to fail to maintain and follow rigorous and well-documented controls and procedures for identifying loans for nonaccrual status with particular regard to certain large-balance commercial real estate and other loans; and

B. In connection with a targeted examination by the Supervisors in May 2009, which focused on Regions Bank's controls and procedures for identifying loans for nonaccrual status with regard to certain large-balance commercial real estate and other loans and the nonaccrual determinations made in connection with certain of those loans, Willoughby failed to provide accurate, complete, and relevant information to the Supervisors and their examiners concerning the Bank's nonaccrual treatment controls and procedures and the nonaccrual determinations made in connection with certain large-balance commercial real estate and other loans;

WHEREAS, by affixing his signature hereunder, Willoughby has consented to the issuance of this Order by the Board of Governors and the Department, 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 of the FDI Act and Part 263 of the Board of Governors' Regulations (12 CFR 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, before the filing of any notices, or taking of any testimony or adjudication of or finding on any issue of fact or law herein, and solely for the purpose of settling this matter without a formal proceeding being filed and without the necessity for 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. Willoughby, 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, or any subsidiary of such holding company;

(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)).

## **Notices**

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

- (a) Richard M. Ashton, Esq.  
Deputy General Counsel  
Board of Governors of  
the Federal Reserve System  
20<sup>th</sup> & C Sts., N.W.  
Washington, DC 20551
- (b) John D. Harrison  
Superintendent of Banks  
Alabama State Banking Department  
401 Adams Avenue, Suite 680  
Montgomery, Alabama 36104
- (c) Michael J. Willoughby  
  
Birmingham, Alabama 35243

With a copy to:

Jackson R. Sharman III  
Lightfoot, Franklin and White

The Clark Building  
400 20th Street North  
Birmingham, AL, 35203-3200

**Miscellaneous**

3. Any violation of this Order shall separately subject Willoughby 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. Each provision of this Order shall remain fully effective and enforceable until expressly stayed, modified, terminated, or suspended in writing by the Supervisors.

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

By Order of the Board of Governors of the Federal Reserve System and the Alabama State Banking Department effective this 25<sup>th</sup> day of June, 2014.

MICHAEL J. WILLOUGHBY

BOARD OF GOVERNORS OF THE  
FEDERAL RESERVE SYSTEM

By:                   /s/                    
Michael J. Willoughby

By:                   /s/                    
Robert deV. Frierson  
Secretary of the Board

ALABAMA STATE BANKING  
DEPARTMENT

By:                   /s/                    
John D. Harrison  
Superintendent of Banks