

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

In the Matter of

THOMAS P. HINKEBEIN,

A Former Institution-Affiliated Party of

WHITAKER BANK, INC.
Lexington, Kentucky,

a State Member Bank.

Docket Nos. 20-002-E-I
20-002-B-I

Order of Prohibition and Cease-
and-Desist Issued Upon Consent
Pursuant to Sections 8(b) and
8(e) of the Federal Deposit
Insurance Act, as Amended

WHEREAS, pursuant to sections 8(b), (e) and (i)(3) of the Federal Deposit Insurance Act, as amended (the “FDI Act”), 12 U.S.C. §§ 1818(b), (e) and (i)(3), the Board of Governors of the Federal Reserve System (the “Board of Governors”) issues this Order of Prohibition and Cease-and-Desist Order Requiring Restitution or Reimbursement (the “Order”) upon the consent of Thomas P. Hinkebein (“Hinkebein”), a former employee and institution-affiliated party, as defined in sections 3(u) and 8(b)(3) of the FDI Act, 12 U.S.C. §§ 1813(u) and 1818(b)(3), of Whitaker Bank, Inc. (“Whitaker” or the “Bank”), a state member bank;

WHEREAS, Hinkebein was employed by Whitaker from December 1993 to August 2018;

WHEREAS, during his employment at Whitaker, Hinkebein held various positions within the Bank including Chief Operations Officer (2009-2010) and President (2011-2018);

WHEREAS, from at least 2011 to 2018, Hinkebein was a member of the Bank’s Board of Directors;

WHEREAS, from at least 2016 to 2018, Hinkebein engaged in unsafe and unsound

practices and breaches of fiduciary duty consisting, among other things, of:

- (a) Misappropriation of Bank assets in violation the Bank's policies;
- (b) Charging personal expenses to the Bank's credit card provided to him for business purposes;
- (c) Seeking and obtaining reimbursement from the Bank for personal expenses; and
- (d) Making misrepresentations to the Bank regarding personal expenses.

WHEREAS, on or about August 2018, Hinkebein resigned from the Bank; and

WHEREAS, by affixing his signature hereunder, Hinkebein 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 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 the taking of any testimony or adjudication of or finding on any issue of fact or law herein, and without Hinkebein admitting or denying any allegation made or implied by the Board of Governors in connection herewith, and solely for the purpose of settlement of this matter without a formal proceeding being filed and without the necessity for protracted litigation or extended hearings,

IT IS HEREBY ORDERED THAT:

1. Hinkebein, 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, or any foreign bank or company to which subsection (a) of 12 U.S.C. § 3106 applies and any subsidiary of such foreign bank or 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).

2. Hinkebein shall provide restitution or reimbursement to Whitaker in the form of \$30,000, payable within thirty days of the date of this Order.

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

(a) Richard M. Ashton
Deputy General Counsel
Board of Governors of the Federal Reserve System
20th & C Streets, NW
Washington, DC 20551

(b) Thomas P. Hinkebein

4. Any violation of this Order shall separately subject Hinkebein 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).

5. 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 Hinkebein; provided, however, that the Board of Governors shall not take any further action against Hinkebein relating to the matters addressed by this Order based upon facts presently known by the Board of Governors. This release and discharge shall not preclude or affect (i) any right of the Board of Governors to determine and ensure compliance with this Order, or (ii) any proceedings brought by the Board of Governors to enforce the terms of this Order.

6. 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 1st day of May, 2020.

BOARD OF GOVERNORS OF THE
FEDERAL RESERVE SYSTEM

/s/ Thomas H. Hinkebein

Thomas P. Hinkebein

By: /s/ Ann E. Misback

Ann E. Misback
Secretary of the Board