

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

In the Matter of

RONALD D. PAUL,

A former institution-affiliated party of Eagle Bancorp, Inc., and EagleBank, Bethesda, Maryland, a state-member bank.

Docket No. 22-021-E-I
22-021-CMP-I

Order of Prohibition and Order for Assessment of Civil Money Penalty Issued Upon Consent Pursuant to Sections 8(e) and 8(i) of the Federal Deposit Insurance Act, as Amended

WHEREAS, pursuant to sections 8(e) and 8(i) of the Federal Deposit Insurance Act, as amended (the “FDI Act”), 12 U.S.C. §§ 1818(e) and 1818(i), the Board of Governors of the Federal Reserve System (the “Board of Governors”) issues this Order of Prohibition and Assessment of Civil Money Penalty (“Order”) upon the consent of Ronald D. Paul (“Paul”), a former 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 EagleBank Bancorp, Inc. (the “Company”) and EagleBank (the “Bank”), a state-member bank;

WHEREAS, Paul was employed by the Company and Bank from 1998 to 2019, and served as Chairman of the Company’s Board of Directors and Chief Executive Officer of the Bank;

WHEREAS, the Board of Governor’s Regulation O, 12 C.F.R. Part 215, governs extensions of credit to executive officers, directors or principal shareholders of a member bank and their “related interests” (collectively “insiders”) and provides that extensions of credit by a member bank to an insider must, under certain circumstances, be approved in advance by a majority of the bank’s board of directors;

WHEREAS, between 2015 and 2018, the Bank violated Regulation O by making extensions of credit totaling \$99 million to Paul's related interests without the approval of a majority of the Bank's board of directors;

WHEREAS, Paul engaged in unsafe and unsound banking practices and participated in the Bank's violations of Regulation O;

WHEREAS, although, with the exception of one loan, which is currently performing, the extensions of credit that violated Regulation O have been repaid in full, Paul's conduct posed risks to the Bank;

WHEREAS, Paul is retired and not presently involved in the banking industry; and

WHEREAS, by affixing his signature hereunder, Paul 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 other 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 Paul's admitting or denying any allegation made or implied by the Board of Governors in connection herewith, and solely for the purpose of settling this matter without a formal proceeding being filed and without the necessity for protracted litigation or extended litigation,

IT IS HEREBY ORDERED that:

1. Pursuant to section 8(e) of the FDI Act, 12 U.S.C. § 1818(e), Paul, 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 sections 3(u) and 8(b)(3) of the FDI Act, 12 U.S.C. §§ 1813(u) and 1818(b)(3), 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. The Board of Governors hereby imposes a civil money penalty on Paul in the amount of \$90,000 which shall be paid within thirty (30) days of the execution of this Order by Fedwire transfer of immediately available funds to the Federal Reserve Bank of Richmond, ABA No. ABA No. 051000033, beneficiary, Board of Governors of the Federal Reserve System. The Federal Reserve Bank of Richmond, on behalf of the Board of Governors, shall distribute this sum to the U.S. Department of Treasury, pursuant to section 8(i) of the FDI Act (12 U.S.C. § 1818(i)).

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

- a. Richard M. Ashton, Esq.
Deputy General Counsel
David Williams, Esq.
Associate General Counsel
Board of Governors of the Federal Reserve System
20th & C Streets, N.W.
Washington, DC 20551
- b. Ronald D. Paul
Attn: Ryan Scarborough
Williams & Connolly LLP
680 Maine Avenue SW
Washington, DC 20024

4. Any violation of this Order shall separately subject Paul 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 Paul; provided, however, that the Board of Governors shall not take any further action against Paul on any matters concerning or arising from 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 15th day of August, 2022.

BOARD OF GOVERNORS OF THE
FEDERAL RESERVE SYSTEM

By: /s/ Ronald D. Paul
Ronald D. Paul

By: /s/ Ann E. Misback
Ann E. Misback
Secretary of the Board