

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

In the Matter of

PHILIP HENRY COOPER, a former
institution-affiliated party of

REGIONS BANK, Birmingham, Alabama,
a state-member bank.

Docket No. 17-013-E-I

Order of Prohibition Issued Upon Consent
Pursuant to Sections 8(e) and 8(g) of the
Federal Deposit Insurance Act, as
amended

WHEREAS, the Board of Governors of the Federal Reserve System (the “Board of Governors”), pursuant to sections 8(e) and 8(g) of the Federal Deposit Insurance Act, as amended (the “FDI Act”), 12 U.S.C. § 1818(e) and (g), issues this Order of Prohibition (this “Order”) upon the consent of Respondent Philip Henry Cooper (“Cooper”), 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 Regions Bank, a state member bank (the “Bank”);

WHEREAS, on September 28, 2016, the U.S. Department of Justice filed a superseding indictment against Cooper and Richard Alan Henderson (“Henderson”) in the United States District Court for the Northern District of Alabama. *See United States v. Henderson and Cooper*, No. 2:16-cr-182, Dkt. 36 (N.D. Ala. Sept. 28, 2016) (the “Indictment”);

WHEREAS, the Indictment charged Cooper and Henderson with: (1) conspiracy to commit bank bribery and wire fraud affecting a financial institution in violation of 18 U.S.C. § 371; (2) bank bribery in violation of 18 U.S.C. §§ 215(a)(2) and 2; (3) eight counts of wire fraud affecting a financial institution in violation of 18 U.S.C. §§ 1343, 1346 and 2; (4) conspiracy to commit money laundering in violation of 18 U.S.C. § 1956(h); and (5) twenty-

eight counts of money laundering in violation of 18 U.S.C. § 1956(a)(1)(B)(i) and 2;

WHEREAS, on May 3, 2017, Cooper pled guilty to one count of conspiracy to commit bank bribery and wire fraud affecting a financial institution in violation of 18 U.S.C. § 371, and one count of conspiracy to commit money laundering in violation of 18 U.S.C. § 1956(h);

WHEREAS, in his plea agreement, Cooper stipulated that the following facts are substantially correct:

1. At all relevant times, the Bank offered its business customers equipment financing through its nonbank subsidiary, Regions Equipment Finance Corporation (“REFCO”);
2. Before September 2010, REFCO obtained residual value insurance, intended to manage asset value risk by guaranteeing that a properly maintained leased asset will have a specified value at a future date, from third party insurance providers;
3. Beginning in September 2010, Cooper, Henderson, and a third party conspired to form a shell company, and Cooper and Henderson directed REFCO to purchase residual value insurance from that company;
4. Between September 2010 and November 2015, REFCO paid the shell company approximately \$5.1 million, purportedly in exchange for residual value insurance; however, Cooper received thirty percent of those proceeds (approximately \$1.5 million), while Henderson and the third party each received thirty-five percent (approximately \$1.8 million);
5. Cooper formed an additional shell company to receive his kickback payments in order to disguise that he received a portion of the transaction proceeds;

WHEREAS, Cooper’s conduct constituted violations of law or regulation, unsafe or

unsound practices, or breaches of fiduciary duty;

WHEREAS, pursuant to the terms of his plea agreement, Cooper must pay restitution to the Bank in the amount of \$5.1 million jointly and severally with his convicted co-conspirators, and Cooper has agreed to the entry of a forfeiture judgment in the amount of \$1.5 million, subject to a final accounting;

WHEREAS, Cooper's plea agreement further provides that:

Defendant agrees to enter into a Consent Order of Removal and Prohibition with the Board of Governors [] pursuant to 12 U.S.C. § 1818(e)(7) of the [FDI] Act, as amended. The defendant understands that by virtue of his consent to such an Order, he shall agree not to become or continue serving as an officer, director, employee, or institution-affiliated party, as defined in 12 U.S.C. § 1813(u), or participate in any manner in the conduct of the affairs of any institution or agency specified in 12 U.S.C. § 1818(e)(7)(A), without the prior approval of the appropriate federal financial institution regulatory agency, as defined in 12 U.S.C. § 1818(e)(7)(D); and

WHEREAS, by affixing his signature hereunder, Cooper 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 taking of any testimony or adjudication of or finding on any issue of fact or law implied or set forth herein, and solely for the purpose of settling this matter without a formal proceeding being filed and without the necessity for protracted or extended litigation,

IT IS HEREBY ORDERED that:

1. Cooper, 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. All communications regarding this Order shall be addressed to:

- a. Richard M. Ashton, Esq.
Deputy General Counsel
Patrick M. Bryan, Esq.
Assistant General Counsel
Board of Governors of the Federal Reserve System
20th & C Streets, N.W.
Washington, DC 20551

- b. Philip Cooper
[redacted]

with a copy to:

Jackson R. Sharman, III
Lightfoot, Franklin & White LLC
The Clark Building
400 20th Street North
Birmingham, AL 35203

3. Any violation of this Order shall separately subject Cooper 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 Cooper; provided, however, that the Board of Governors shall not take any further action against Cooper 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.

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 7th day
of June, 2017.

BOARD OF GOVERNORS OF THE
FEDERAL RESERVE SYSTEM

/s/ Philip Henry Cooper
Philip Henry Cooper

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