

FEDERAL DEPOSIT INSURANCE CORPORATION

WASHINGTON, D.C.

_____	)	SUPERVISORY
In the Matter of	)	PROMPT CORRECTIVE
	)	ACTION DIRECTIVE
COASTAL COMMUNITY BANK	)	
PANAMA CITY BEACH, FLORIDA	)	
	)	
(INSURED STATE NONMEMBER BANK)	)	FDIC-10-467PCAS
_____	)	

The FEDERAL DEPOSIT INSURANCE CORPORATION (“FDIC”) having determined, based upon the Bank’s March 31, 2010 Reports of Condition and Income which show the Bank’s total risk-based capital ratio to be 4.71%, that COASTAL COMMUNITY BANK, PANAMA CITY BEACH, FLORIDA (“Bank”), is a “significantly undercapitalized” insured depository institution as that term is defined in section 12 U.S.C. § 1831o(b)(1)(D), and 12 C.F.R. § 325.103, hereby issues this SUPERVISORY PROMPT CORRECTIVE ACTION DIRECTIVE (“DIRECTIVE”), detailing the actions which will be required to be taken by the Bank to correct the violations of sections 23A and 23B of the Federal Reserve Act, 12 U.S.C. §§ 371c and 371c-1, and/or the proscriptions which will be imposed on the Bank pursuant to section 38 of the Federal Deposit Insurance Act (“Act”), 12 U.S.C. § 1831o, and section 308.201(a) of the FDIC’s Rules of Practice and Procedure, 12 C.F.R. § 308.201(a). Therefore, the FDIC finds it necessary, in order to carry out the purposes of section 38 of the Act, to issue this DIRECTIVE without providing notice as set forth in section 308.201(a)(1), and hereby issues this DIRECTIVE pursuant to the provisions of section 38 of the Act, 12 U.S.C. § 1831o, and section 308.201(a)(2) of the FDIC’s Rules of Practice and Procedure, 12 C.F.R. § 308.201(a)(2).

On April 5, 2010, the FDIC issued a Supervisory Prompt Corrective Action Directive, FDIC-10-247PCAS (“Directive”), against the Bank. Among other things, the Directive required:

Within 14 days, the Bank shall correct all violations of 12 U.S.C. §§ 371(c) and 371(c)-1 in connection with the Bank’s March 3, 2010 loan to the president of Coastal Community Insurance Agency, Inc. (“CCIA”), a wholly-owned subsidiary of CCI [Coastal Community Investments, Inc.], in the amount of \$2,500,000. Proceeds of the loan in the amount of \$2,500,000 were used by the president of CCIA to fund the purchase of CCIA from CCI, an affiliate of the Bank. 12 U.S.C. §§ 1831o(f)(2)(E) and (J).

The Bank has failed to comply with this provision of the Directive.

PROMPT CORRECTIVE ACTION DIRECTIVE

IT IS DIRECTED,

1. That, pursuant to sections 38o(f)(2)(B) and (J), 12 U.S.C. §§ 1831o(f)(2)(B) and (J), within 14 days of the effective date of this DIRECTIVE the Bank shall remove the March 3, 2010 loan to the president of CCIA, referenced above, from its general ledger by:

- (a) refinancing the loan with a non-affiliated institution;
- (b) rescission of the loan transaction; or
- (c) any other method acceptable to the FDIC.

IT IS FURTHER DIRECTED,

2. That the provisions of this DIRECTIVE shall not affect the obligations of the Bank pursuant to any other action issued against the Bank by the FDIC.

IT IS FURTHER DIRECTED,

3. That the Bank shall send to its shareholders a description of this DIRECTIVE (i)

in conjunction with the Bank's next shareholder communication, and also (ii) in conjunction with its notice or proxy statement preceding the Bank's next shareholder meeting. The description shall fully describe this DIRECTIVE in all material respects. The description and any accompanying communication, statement, or notice shall be sent to the FDIC, Accounting and Securities Disclosure Section, Room F-6066, 550 17th Street, N.W., Washington, D.C. 20429, for review at least 20 days prior to dissemination to shareholders. Any changes requested to be made by the FDIC shall be made prior to dissemination of the description, communication, notice, or statement.

IT IS FURTHER DIRECTED that this DIRECTIVE shall become effective immediately upon its receipt by the Bank.

IT IS FURTHER DIRECTED that the provisions of this DIRECTIVE shall be binding upon the Bank, its institution-affiliated parties, successors and assigns.

IT IS FURTHER DIRECTED that the provisions of this DIRECTIVE shall remain effective and enforceable until the Bank is “adequately capitalized” as defined in 12 C.F.R. § 325.103(b)(2), for four consecutive calendar quarters, except to the extent that any provision has been modified, terminated, suspended, or set aside by the FDIC.

IT IS FURTHER DIRECTED that, by the 15th day of the month following the effective date of this DIRECTIVE, and by the 15th day of every month thereafter, the Bank shall provide written reports to the Regional Director of Atlanta Regional Office of the FDIC specifically detailing the extent of the Bank's compliance with this DIRECTIVE and further specifically detailing the required corrective actions being taken by the Bank to secure full compliance with this DIRECTIVE.

Pursuant to 12 C.F.R. § 308.201(a)(2), the Bank may submit a written appeal of this DIRECTIVE to the FDIC. Such an appeal must be received by the FDIC within 14 calendar days of the issuance of this DIRECTIVE. The appeal should include:

- (a) an explanation why this DIRECTIVE is not an appropriate exercise of discretion under section 38 of the Act, 12 U.S.C. § 1831o;
- (b) any recommended modification of this DIRECTIVE; and
- (c) any other relevant information, mitigating circumstances, documentation, or other evidence in support of the position of the Bank regarding this DIRECTIVE.

The appeal shall be filed with Thomas J. Dujenski, Regional Director, Federal Deposit Insurance Corporation, Atlanta Regional Office, 10 Tenth Street N.E., Suite 800, Atlanta, Georgia 30309, with a copy to Andrea Fulton Toliver, Regional Counsel, Federal Deposit Insurance Corporation, Atlanta Regional Office, 10 Tenth Street N.E., Suite 800, Atlanta, Georgia 30309. The FDIC shall consider any such appeal, if filed in a timely manner, within 60 days of receiving the appeal. While the appeal is pending, this DIRECTIVE shall remain in

effect unless the FDIC, in its sole discretion, shall stay the effectiveness of this DIRECTIVE.

Pursuant to delegated authority.

Dated this 24th day of June, 2010.

/s/

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Thomas J. Dujenski  
Regional Director  
Division of Supervision and  
Consumer Protection