



FEDERAL RESERVE BANK
OF PHILADELPHIA

Legal Department

Federal Reserve Bank of Philadelphia
Ten Independence Mall
Philadelphia, PA 19106-1574

215-574-6506
215-574-2554 (fax)
www.phil.frb.org

February 7, 2008

Ms. Peggy A. Gilson

Port Royal, PA 17082

Re: Criminal Conviction – Prohibition from Banking Industry

Dear Ms. Gilson:

The Federal Reserve Bank of Philadelphia has become aware that you were convicted upon a plea of guilty of theft by unlawful taking in connection with your employment by Orrstown Bank. A copy of your Sentencing Order is attached. Because you have been convicted of a crime involving dishonesty or breach of trust, you are automatically subject to the prohibitions set forth in Section 19 of the Federal Deposit Insurance Act, as amended (“Section 19”)(12 U.S.C. § 1829) for banking organizations and in Section 205 of the National Credit Union Act, as amended (“Section 205(d)”) (12 U.S.C. § 1785(d)) for insured credit unions.

Section 19 and Section 205(d) prohibit you from becoming or continuing as an institution-affiliated party with respect to any of the banking organizations or credit unions described below. This means that you may not, among other things, act as an employee, officer, director, or agent of these banking organizations or credit unions. Nor may you otherwise participate, directly or indirectly, in the conduct of the affairs of any of these organizations. You are also prohibited from directly or indirectly owning or controlling any insured depository institution or holding company. These statutes do not prohibit you from being a normal, arms-length customer of a banking organization or credit union, such as having a loan, checking or savings account.

The prohibitions of Section 19 and Section 205(d) cover all insured depository institutions, including, but not limited to, any bank, savings association or credit union, and their holding companies, as well as Edge corporations and Agreement corporations. The Federal Deposit Insurance Corporation may grant written consent for you to engage in otherwise prohibited conduct with respect to insured depository institutions, and the Federal Reserve may grant written consent with respect to bank holding companies and Edge and Agreement corporations. The Office of Thrift Supervision may grant consent with respect to savings and loan association holding companies. The National Credit Union Administration Board may grant consent for insured credit unions. The automatic prohibition does not cover non-bank subsidiaries of bank holding companies or uninsured branches or agencies of foreign banks, unless the appropriate federal banking agency takes further action against you.

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Should you engage in prohibited conduct without obtaining the required consent from the appropriate agency, you could be subject to daily criminal fines of up to \$1,000,000 or up to five years imprisonment.

This letter will be posted on the website of the Board of Governors of the Federal Reserve System. If you believe that the prohibitions of Section 19 and Section 205(d) do not apply to you, because, for example, your conviction has been reversed on appeal, or for any other reason, please contact the undersigned in writing at this Reserve Bank.

Sincerely,

A solid black rectangular box used to redact the signature of Maryann T. Connelly.

Maryann T. Connelly
Assistant Vice President and Counsel

cc: Gregory B. Abeln, Esq.
Cynthia L. Course, Federal Reserve Bank
of Philadelphia
Board Legal Division

COMMONWEALTH : IN THE COURT OF COMMON PLEAS OF
: CUMBERLAND COUNTY, PENNSYLVANIA
:
V. : CP-21-CR-0725-2007
: CHARGES: (1) THEFT BY UNLAWFUL
: TAKING OR DISPOSITION
PEGGY A. GILSON :
OTN: K446407-3 : AFFIANT: DET. EARL BOCK

IN RE: SENTENCE

ORDER OF COURT

AND NOW, this 11th day of December, 2007, sentence is that you pay the costs of prosecution, provide a DNA sample, and undergo a period of supervised probation for 23 months on condition that you be and remain on good behavior and comply with all written Cumberland County Court conditions for probation.

Defendant shall not become or serve as an officer, director, employee, or institution affiliated party as defined in 12 U.S.C. Section 1813(u), (the Federal Deposit Insurance Act, as amended), or participate in any manner in the conduct of the affairs of any institution or agency specified in 12 U.S.C. Section 1818(e) (7) (A), without the prior approval of the appropriate federal financial institution regulatory agency as defined in 12 U.S.C. Section 1818(e) (7) (D).

By the Court,


Edgar B. Bayley, Jr.

Christin J. Mehrtens-Carlin, Esquire
Office of the District Attorney

✓ Gregory B. Abeln, Esquire
For Defendant

Probation. Sheriff

Victim Witness

prs