

**FEDERAL DEPOSIT INSURANCE CORPORATION  
WASHINGTON, D.C. 20429**

**FORM 8-K**

**CURRENT REPORT  
PURSUANT TO SECTION 13 OF  
THE SECURITIES EXCHANGE ACT OF 1934**

June 9, 2014

Date of Report (Date of earliest event reported)

TOWNE BANK

(Exact name of registrant as specified in its charter)

Virginia

(State or other jurisdiction of  
incorporation)

35095

(FDIC Insurance Cert. No.)

54-1910608

(IRS Employer Identification  
No.)

5716 High Street, Portsmouth, Virginia  
(Address of principle executive offices)

23703  
(Zip Code)

(757) 638-7500

(Registrant's telephone number, including area code)

No Change

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- ☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- ☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- ☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- ☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

**ITEM 3.01 NOTICE OF DELISTING OR FAILURE TO SATISFY A CONTINUED LISTING RULE OR STANDARD; TRANSFER OF LISTING.**

By letter dated May 20, 2014, TowneBank (the “Company”) notified the NASDAQ Stock Market LLC (“NASDAQ”) that the Company had become aware that the accounting firm of PBMares, LLP, or its predecessor firms (collectively, “PBMares”), had provided tax preparation and related services to a small real estate joint venture subsidiary of the Company beginning in 2009 and ending for the recently completed 2013 tax year. PBMares was paid an aggregate of \$7,870 for such services. Alan S. Witt, a member of the Company’s audit committee since 2004, is a partner at PBMares. Mr. Witt was not involved in any of the worked performed by PBMares for the joint venture entity and only recently became aware of the entity’s engagement of PBMares. The joint venture agreement was terminated in February 2014 and no further payments will be made by the joint venture entity to PBMares.

On June 9, 2014, the Listing Qualifications department of NASDAQ issued a letter to the Company stating that due to PBMares’ receipt of compensation paid by a Company subsidiary, Mr. Witt previously did not meet the independence criteria for audit committee members set forth in Rule 10A-3(b)(1) promulgated under the Securities Exchange Act of 1934, as amended. As a result, the Company failed to comply with the audit committee composition requirements set forth in NASDAQ Listing Rule 5605(c)(2) while PBMares was receiving such compensation and Mr. Witt was serving on the Company’s audit committee. However, NASDAQ further noted in its letter that because PBMares is no longer receiving compensation from a Company subsidiary, Mr. Witt has regained his status as an independent director eligible to serve on the Company’s audit committee and the Company is now in compliance with NASDAQ Listing Rule 5605(c)(2).

In response to this issue, the Company has reexamined any relationships between its directors and its subsidiaries and affiliates, and provided further guidance to its directors regarding NASDAQ’s independence standards.

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

**TOWNE BANK**  
(Registrant)

/s/ Clyde E. McFarland, Jr.

Clyde E. McFarland, Jr.  
Senior Executive Vice President & Chief Financial Officer

Date: June 10, 2014