

ORRSTOWN FINANCIAL SERVICES INC

Form 8-K

April 18, 2019

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of  
the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported):

April 18, 2019

ORRSTOWN  
FINANCIAL  
SERVICES,  
INC.

(Exact name of  
registrant as  
specified in its  
charter)

Pennsylvania	001-34292	23-2530374
(State or other jurisdiction of incorporation)	(SEC File Number)	(IRS Employer Identification No.)

77 East King  
Street, P.O. Box  
250, 17257  
Shippensburg,  
Pennsylvania

(Address of  
principal  
executive  
offices)

(Zip  
Code)

Registrant's  
telephone  
number,  
including  
area code:

717  
532-6114

Not  
Applicable  
(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 (see  
General Instruction A.2.  
below):

- 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)).

Indicate by check mark  
whether the registrant is an  
emerging growth company as  
defined in Rule 405 of the  
Securities Act of 1933  
(§230.405 of this chapter) or

Rule 12b-2 of the Securities  
Exchange Act of 1934  
(§240.12b-2 of this chapter).

o Emerging growth  
company

If an emerging  
growth company,  
indicate by check  
mark if the registrant  
has elected not to use  
the extended

o transition period for  
complying with any  
new or revised  
financial accounting  
standards provided  
pursuant to Section  
13(a) of the  
Exchange Act.

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Item 2.02 Results of Operations and Financial Condition.

As previously reported, Orrstown Bank, the wholly-owned bank subsidiary of Orrstown Financial Services, Inc. (“Orrstown” or the “Company”), was the victim of a phishing attack in October 2017. Upon discovery of the attack in the third quarter of 2018, the Company apprised Wesco Insurance Company, a subsidiary of AmTrust Financial Services, Inc. (“Wesco”), its cyber insurance carrier, of the incident. Orrstown Bank engaged third party cyber security experts and other professionals, including a credit notification and monitoring services provider, and incurred approximately \$765,000 in fees and expenses related to the incident. Orrstown notified Wesco of its response efforts and expected to receive an insurance reimbursement of approximately \$615,000 from Wesco for the cyber incident claim, which amount has been carried as a receivable on the Company’s consolidated balance sheet.

The Company believes that its policy provides coverage for the expenses related to the incident but the Company has been notified by Wesco that the claim has been denied in its entirety.

The Company believes that the basis for Wesco’s denial is improper and intends to assert its rights to coverage of the expenses. There can be no assurance, however, that the Company’s position regarding coverage will prevail or, if it does prevail, that the coverage will be sufficient to reimburse the Company for the entire amount of the receivable. Pending resolution of its insurance claim, the Company has recorded a pretax expense of \$615,000, or approximately \$0.05 per diluted share, in its first quarter results for 2019.

Cautionary Note Regarding Forward-Looking Statements

This Current Report on Form 8-K contains “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. These forward-looking statements reflect the current views of Orrstown’s management with respect to, among other things, future events. These statements are often, but not always, made through the use of words or phrases such as “may,” “should,” “could,” “predict,” “potential,” “believe,” “will likely result,” “expect,” “continue,” “will,” “anticipate,” “seek,” “estimate,” “plan,” “project,” “forecast,” “goal,” “target,” “would” and “outlook,” or the negative variations of those words or other comparable words of a future or forward-looking nature. These forward-looking statements are not historical facts, and are based on current expectations, estimates and projections about Orrstown’s industry, management’s beliefs and certain assumptions made by management, many of which, by their nature, are inherently uncertain and beyond Orrstown’s control. Accordingly, Orrstown cautions you that any such forward-looking statements are not guarantees of future performance and are subject to risks, assumptions and uncertainties that are difficult to predict. Although Orrstown believes that the expectations reflected in these forward-looking statements are reasonable as of the date made, actual results may prove to be materially different from the results expressed or implied by the forward-looking statements. Accordingly, you should not place undue reliance on any such forward-looking statements. Any forward-looking statement speaks only as of the date on which it is made, and Orrstown does not undertake any obligation to publicly update or review any forward-looking statement, whether as a result of new information, future developments or otherwise.

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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 hereunto duly authorized.

ORRSTOWN  
FINANCIAL SERVICES,  
INC.

Date:

April  
18,  
2019

/s/ David P.  
Boyle

By:

David P. Boyle  
Executive Vice  
President and  
Chief Financial  
Officer  
(Duly Authorized  
Representative)