

UNITED STATES OF AMERICA
DEPARTMENT OF THE TREASURY
COMPTROLLER OF THE CURRENCY

In the Matter of: Carl B. Johnson, former Manager ABN AMRO Mortgage Group, Inc., former wholly owned subsidiary of LaSalle Bank Midwest, N.A. Troy, Michigan)))))	AA-EC-07-34
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CONSENT ORDER

WHEREAS, the Comptroller of the Currency of the United States of America ("Comptroller" or "OCC") intends to initiate these cease and desist and civil money penalty proceedings, pursuant to 12 U.S.C. § 1818(b) and (i), against Carl B. Johnson ("Respondent"), former Manager in the Government Loan Operations department of ABN AMRO Mortgage Group, Inc., a wholly owned subsidiary of LaSalle Bank Midwest, N.A., ("Bank") Troy, Michigan.

WHEREAS, the basis for such proceedings is the Respondent's role in false or improper certifications made to the U.S. Department of Housing and Urban Development ("HUD") during January 2000 through April 2003 ("relevant period") by the Bank.

WHEREAS, in the interest of cooperation and to avoid the costs associated with future administrative and judicial proceedings with respect to the above matter, Respondent, without admitting or denying any wrongdoing, desires to enter into this Consent Order ("Order") issued pursuant to 12 U.S.C. § 1818(b) and (i);

NOW, THEREFORE, in consideration of the above premises, it is stipulated by and between the Comptroller, through his duly authorized representative, and Respondent

that:

Article I

JURISDICTION

(1) The Bank is a national banking association, chartered and examined by the Comptroller, pursuant to the National Bank Act of 1864, as amended, 12 U.S.C. § 1 et seq. Accordingly, the Bank is an “insured depository institution” as that term is defined in 12 U.S.C. § 1813(c)(2).

(2) During the relevant time period, ABN AMRO Mortgage Group, Inc. was a wholly-owned "operating subsidiary" of the Bank as that term is defined pursuant to 12 C.F.R. § 5.34(e)(3) and subject to regulation and supervision by the Comptroller as provided thereunder.

(3) During the relevant period, Respondent was a Manager within the Government Loan Operations department of the Bank and is an “institution-affiliated party” of the Bank as that term is defined in 12 U.S.C. § 1813(u), having served in such capacity within six (6) years from the date hereof (*see* 12 U.S.C. § 1818(i)(3)).

(4) Pursuant to 12 U.S.C. § 1813(q), the Comptroller is the “appropriate Federal banking agency” to maintain an enforcement proceeding against institution-affiliated parties. Therefore, Respondent is subject to the authority of the Comptroller to initiate and maintain these cease and desist and civil money penalty proceedings against him pursuant to 12 U.S.C. § 1818(b) and (i)(2).

Article II

COMPTROLLER'S FINDINGS

The Comptroller makes the following findings:

(5) The Comptroller, through his staff, conducted an examination and formal investigation during 2004 and 2005 focusing on the Bank's Federal Housing Administration (FHA) mortgage operations.

(6) During the relevant period, the Bank had and continues to have "Direct Endorsement" (DE) authority from HUD, meaning it has delegated authority to underwrite FHA loans on behalf of HUD and to submit them to HUD for insurance endorsement.

(7) Under HUD requirements, a Bank employee authorized to underwrite FHA loans (a Direct Endorsement Underwriter) must sign certain HUD forms to certify that he or she has personally performed appropriate due diligence on the loan and that the loan meets HUD's underwriting requirements.

(8) During the relevant period, certifications made by Bank employees were falsely or improperly made, affecting approximately 28,097 FHA loans ("tainted pool"). In particular, clerk-level employees, who were not underwriters, were permitted to sign the names of, and certify on behalf of, the DE Underwriters. This practice was improper and resulted in false or improper certifications.

(9) As a result of the foregoing false or improper certifications, on December 30, 2005, the Bank entered into a global settlement with the OCC, the U.S. Department of Justice, and the U.S. Department of Housing and Urban Development, which required the

Bank to (i) pay \$16.85 million in restitution and penalties, and (ii) waive submitting claims on hundreds of other loans in the tainted pool, estimated at the time of settlement to cost the Bank another \$20-25 million.

(10) During the relevant period, Respondent was a manager and supervisor in the department overseeing the foregoing clerk-level employees. Respondent knew or should have known (i) that the certifications by clerk-level employees who did not perform the underwriting for the certified loans were false or improperly made and (ii) that this procedure was inconsistent with HUD requirements and an unsafe and unsound practice.

(11) By reason of the Respondent's role and conduct in this matter, he breached his fiduciary duty to the Bank, engaged in unsafe and unsound practices, and aided and abetted or participated in a violation of 24 C.F.R. § 203.5 concerning the Direct Endorsement process for FHA loans.

Article III

PERSONAL CEASE AND DESIST ORDER

Pursuant to the Federal Deposit Insurance Act, as amended, 12 U.S.C. § 1818(b), Respondent hereby consents to, and it is ordered, that:

(12) In the event Respondent currently is employed at any institution or agency specified in 12 U.S.C. § 1818(e)(7)(A) (hereinafter “insured depository institution”) or any institution that sells or transfers mortgage loans to any insured depository institution, the Respondent shall, within ten (10) days of the execution of this Order, provide a copy of the Order to (i) the chief executive officer; or (ii) any other senior management official

of such institution or agency, provided that such official has been approved in writing by the OCC for this purpose.

(13) Prior to accepting any position that would cause Respondent to become an “institution-affiliated party” (as defined in 12 U.S.C. § 1813(u)) at any insured depository institution”) or cause the Respondent to become employed at any institution that sells or transfers mortgage loans to any insured depository institution, Respondent shall provide a copy of this Order to (i) the chief executive officer; or (ii) any other senior management official of such institution or agency, provided that such official has been approved by the OCC for this purpose.

(14) Within ten (10) days of satisfying the requirements of paragraphs 12 and/or 13, Respondent shall provide a written certification of his compliance to the Director, Enforcement and Compliance Division, 250 E Street, SW, Washington, DC 20219.

(15) In connection with any existing or future employment subject to this Article, Respondent shall:

- (a) Not engage in any unsafe or unsound practices, as that term is used in Title 12 of the United States Code;
- (b) Fully observe his fiduciary duties of loyalty or care owed to any institution with which he is or may become affiliated and, at all times, shall not place his own interests above those of the institution;
- (c) Adhere to the written policies and procedures of the institution to which he may become affiliated or seek and receive written permission from appropriate authorized individuals to do otherwise.

- (d) Consistent with his responsibilities and duties, fully inform himself of and comply with all applicable laws, regulations, and regulatory policies, including those relating to FHA loan processing and certification, such as 24 C.F.R. § 203.5 covering the Direct Endorsement process.
- (e) Consistent with his responsibilities and duties, be diligent to ensure that appropriate controls are established and implemented by the institution for compliance with all applicable laws, regulations, and regulatory policies, including those relating to FHA loan processing and certification, such as 24 C.F.R. § 203.5 covering the Direct Endorsement process.
- (f) Be diligent to ensure that employees directly or indirectly under his supervision comply fully with all applicable laws, regulations, and regulatory policies, including those relating to FHA loan processing and certification, such as 24 C.F.R. § 203.5 covering the Direct Endorsement process.

Article IV

ORDER FOR CIVIL MONEY PENALTY

Respondent hereby consents to, and it is Ordered, that:

- (16) Respondent shall pay a civil money penalty in the amount of five thousand dollars (\$5,000) upon execution of this Order.

(17) Respondent shall make payment in full by check made payable to the Treasurer of the United States and shall deliver the payment to: Comptroller of the Currency, P.O. Box 979012, St. Louis, Missouri 63197-9000. The docket number of this case shall be entered on the check. Respondent shall provide a photocopy of the check along with the signed original copy of this Order to the Director of Enforcement and Compliance Division of the Office of the Comptroller of the Currency (the "OCC"), 250 E Street, SW, Washington, DC 20219.

Article V

BANKRUPTCY

(18) If Respondent files for bankruptcy protection, Respondent shall notify the Enforcement Director within ten (10) days of the filing and shall provide a copy of the filing to the Enforcement Director.

(19) In any bankruptcy proceeding in which it is or may be contended that Respondent's obligation to pay a civil money penalty pursuant to this Order is subject to discharge, Respondent will in no manner contest the assertion of the Comptroller or any agent, officer or representative of the United States, pursuant to 11 U.S.C. § 523(a) or otherwise, that the civil money penalty obligation in the Order arises out of acts which result in claims not dischargeable in bankruptcy.

Article VI

WAIVERS

(20) By executing this Order, Respondent waives:

- (a) the right to the issuance of a Notice of Charges and a Notice of Civil Money Penalty Assessment under 12 U.S.C. § 1818(b) and (i);
- (b) all rights to a hearing and a final agency decision pursuant to 12 U.S.C. § 1818(b) and (i) and 12 C.F.R. Part 19;
- (c) all rights to seek judicial review of this Order;
- (d) all rights in any way to contest the validity of this Order; and
- (e) any and all claims for fees, costs, or expenses against the Comptroller, or any of his agents or employees, related in any way to this enforcement matter or this Order, whether arising under common law or under the terms of any statute, including, but not limited to, the Equal Access to Justice Act, 5 U.S.C. § 504 and 28 U.S.C. § 2412.

Article VII

OTHER PROVISIONS

(21) Respondent shall not cause, participate in, or authorize the Bank (or any subsidiary or affiliate thereof) to incur, directly or indirectly, any expense for the payment of the civil money penalty under this Order, or any legal (or other professional) expense relative to the negotiation and issuance of this Order except as permitted by 12 C.F.R. § 7.2014 and Part 359, and Respondent shall not, directly or indirectly, obtain or accept any indemnification (or other reimbursement) from the Bank (or any subsidiary or affiliate thereof) with respect to such amounts except as permitted by 12 C.F.R. § 7.2014 and Part 359.

(22) Respondent acknowledges that he has read and understands the premises and obligations of this Order and declares that no separate promise or inducement of any kind has been made by the Comptroller or his agents or employees to cause or induce Respondent to agree to consent to the issuance of this Order and/or to execute this Order.

(23) It is hereby agreed that the provisions of this Order constitute a settlement of these enforcement proceedings arising out of the specific acts, omissions, or violations described in Article II. However, the specific acts, omissions, or violations described in Article II may be used by the OCC in future enforcement actions to establish a pattern or practice of misconduct or the continuation of a pattern or practice of misconduct.

(24) It is further agreed that the provisions of this Order shall not be construed as an adjudication on the merits and, except as set forth above in paragraph (23), shall not inhibit, estop, bar, or otherwise prevent the Comptroller from taking any action affecting Respondent if, at any time, he deems it appropriate to do so to fulfill the responsibilities placed upon him by the several laws of the United States of America.

(25) Respondent further agrees not to take any action or to make or permit to be made any public statement denying, directly or indirectly, the specific acts, omissions, or violations referenced in this Order, or otherwise creating the impression that this Order is without factual basis. If Respondent violates this provision, the OCC may set aside this settlement and commence administrative proceedings on the actions alleged herein. Nothing in this paragraph shall affect Respondent's testimonial obligations.

(26) The invalidity or unenforceability of any provision of this Order shall not affect the validity or enforceability of any other provisions of this Order, which shall remain in full force and effect.

(27) Respondent understands that nothing herein shall preclude any proceedings brought by the Comptroller to enforce the terms of this Order and that nothing herein constitutes, nor shall Respondent contend that it constitutes, a waiver of any right, power, or authority of any other representatives of the United States or agencies thereof, including the Department of Justice, to bring other actions deemed appropriate.

(28) This Order shall be enforceable to the same extent and in the same manner as a final order issued pursuant to 12 U.S.C. §§ 1818(b), (h), and (i) (as amended).

IN TESTIMONY WHEREOF, the undersigned have hereunto set their hands.

Delora Ng Jee
Delora Ng Jee
Deputy Comptroller
Large Bank Supervision

August 15, 2007
Date

/s/
Carl B. Johnson

7/23/07
Date