

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

<b>In the Matter of:</b> Keith Edwards, former Manager ABN AMRO Mortgage Group, Inc., former wholly owned subsidiary of LaSalle Bank Midwest, N.A. Troy, Michigan	) ) ) ) )	AA-EC-07-32
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**CONSENT ORDERS**

**WHEREAS**, the Office of 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 Keith Edwards ("Edwards"), formerly a manager in the Government Loan Operations Department of ABN AMRO Mortgage Group, Inc. ("AAMG"), formerly a wholly owned subsidiary of LaSalle Bank Midwest, N.A., Troy, Michigan ("Bank");

**WHEREAS**, the basis for such proceedings is Edward's role in certifications made by the Bank to the United States Department of Housing and Urban Development ("HUD") during January 2000 through April 2003 ("relevant time period"); and

**WHEREAS**, in the interest of cooperation and to avoid the potential costs associated with the litigation that would result from the institution of such proceedings, Edwards, without admitting or denying any wrongdoing, desires to enter into these Consent Orders issued against him pursuant to 12 U.S.C. § 1818(b) and (i).

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

representative, as follows:

## 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, AAMG was a wholly-owned "operating subsidiary" of the Bank as that term is used in 12 C.F.R. § 5.34(e)(3) and was subject to the regulation and supervision by the Comptroller as provided therein.

(3) During the relevant time period, Edwards was a manager in the Government Loan Operations Department of the Bank and was therefore an “institution-affiliated party” of the Bank as that term is defined in 12 U.S.C. § 1813(u), and Edwards 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 such institution-affiliated parties. Accordingly, the Comptroller has the legal authority and jurisdiction to initiate cease and desist and civil money penalty proceedings against Edwards pursuant to 12 U.S.C. § 1818(b) and (i).

## Article II

### COMPTROLLER FINDINGS

The Comptroller finds and Edwards neither admits nor denies that:

(1) The Comptroller, through his staff, conducted an examination and formal investigation of the Bank during 2004 and 2005, focusing on the Bank's Federal Housing Administration (FHA) mortgage operations and the Bank's submission of applications to HUD for government mortgage insurance on such FHA loans.

(2) During the relevant time period, certain employees in the Underwriting Department of the Bank had Direct Endorsement Underwriting Authority ("DE Authority") from HUD, meaning that such persons had been granted delegated authority from HUD to underwrite FHA loans originated by the Bank for conformance with all applicable HUD requirements for government insurance, and to submit such mortgage loans to HUD for an insurance endorsement by that agency.

(3) Under HUD rules and regulations, a Bank employee with DE Authority to underwrite FHA mortgage loans must sign certain HUD forms to certify that he or she has personally performed appropriate due diligence on the FHA mortgage loan in question and that such loan satisfies all of HUD's underwriting requirements for government insurance.

(4) During the relevant time period, certain certifications made by certain Bank employees were falsely and/or improperly made, affecting more than 28,000 FHA mortgage loans ("tainted pool"), which the Bank submitted to HUD for government mortgage insurance. In particular, the Bank permitted certain clerk-level employees in the Government Loan Operations Department of the Bank, who were not underwriters, to sign the names of, and certify on behalf of, certain Bank employees in the Bank's

Underwriting Department who had DE Authority that all HUD underwriting requirements for government insurance were satisfied. Such practice was improper and resulted in numerous false certifications to HUD.

(5) As a result of the foregoing practice of submitting false and/or improper certifications to HUD, the Bank entered into written settlement agreements with the OCC, HUD and the U.S. Department of Justice on December 30, 2005, wherein the Bank agreed to: (i) pay \$16.85 million in restitution and penalties, and (ii) waive submitting any claim for government insurance on hundreds of other FHA mortgage loans in the tainted pool, which imposed an additional financial burden upon the Bank estimated at the time of settlement to be between \$20 and 25 million.

(6) During the relevant time period, Respondent was a manager in the Government Loan Operations Department of the Bank with supervisory responsibility over the foregoing clerk-level employees who signed the names of other Bank employees in the Underwriting Department with DE Authority, certifying that HUD underwriting requirements for government mortgage insurance were satisfied. Edwards knew or should have known: (i) the certifications by clerk-level employees who did not perform the underwriting for the certified loans were false and/or improperly made; and (ii) the practice of submitting such certifications was inconsistent with HUD requirements.

(7) By reason of Edward's role and conduct at the Bank during the relevant time period, he: (i) breached his fiduciary duty to the Bank, (ii) engaged in an unsafe and unsound banking practice, and (iii) aided and abetted or participated in a violation of the law, *i.e.*, the requirements of 24 C.F.R. § 203.5.

### Article III

#### PERSONAL CEASE AND DESIST ORDER

Edwards hereby consents and agrees to the issuance of the following Personal Cease and Desist Order ("PC&D Order") against him by the OCC pursuant to section 8(b) of the Federal Deposit Insurance Act, as amended, 12 U.S.C. § 1818(b), and it is Ordered that:

(1) In the event Edwards currently is employed at any institution or agency specified in 12 U.S.C. § 1818(e)(7)(A) (hereinafter "covered institution") or any institution that sells or transfers mortgage loans to a covered institution, Edwards shall, within ten (10) days of the issuance of this PC&D Order, provide a copy thereof to (i) the chief executive officer; or (ii) any other senior management official of such covered institution, provided that such official has been approved in writing by the OCC for this purpose.

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

(3) Within ten (10) days of satisfying the requirements of paragraph (1) and/or (2) of this Article, Edwards shall provide a written certification of such compliance to the

Director of the Enforcement and Compliance Division of the OCC at 250 E Street, SW, Washington, DC 20219.

(4) In connection with any existing or future employment subject to this Article, Edwards shall: (a) become familiar and comply with the requirements of all applicable laws, rules and regulations, including (to the extent consistent with his assigned duties and responsibilities at such institution) those laws, rules and regulations relating to FHA loan processing and certification, including but not limited to 24 C.F.R. § 203.5 governing the Direct Endorsement process; (b) adhere to, and if required by his assigned duties at such institution, establish and implement controls designed to ensure compliance with the requirements of such laws, rules, and regulations; (c) not engage in any unsafe or unsound practice, as such term is used in 12 U.S.C. § 1818; and (d) fully observe and perform all of his fiduciary duties, as such term is used in 12 U.S.C. § 1818.

#### Article IV

#### CIVIL MONEY PENALTY ORDER

Edwards hereby consents and agrees to the issuance of the following Civil Money Penalty Order ("CMP Order") against him by the OCC pursuant to section 8(i) of the Federal Deposit Insurance Act, as amended, 12 U.S.C. § 1818(i), and it is Ordered that:

(1) Edwards shall pay a civil money penalty in the amount of seventy-five hundred dollars (\$7,500) upon execution of this CMP order.

(2) Edwards shall make payment of the penalty by certified 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 "AA-EC-07-32" shall be entered on the check, and Edwards shall provide a photocopy of the check 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

(1) If Edwards files for bankruptcy protection prior to completion of the payment plan set forth in Article IV, Edwards shall notify the Enforcement Director within ten (10) days of the filing and shall provide a copy of the filing to the Enforcement Director.

(2) In any bankruptcy proceeding in which it is or may be contended that Edward's obligation to pay a civil money penalty pursuant to this Order is subject to discharge, Edwards 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

Edwards hereby waives:

(1) 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);

- (2) 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;
- (3) all rights to seek judicial review of this PC&D Order and CMP Order;
- (4) all rights in any way to contest the validity of this PC&D Order and CMP Order; and
- (5) 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 PC&D Order or CMP 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

- (1) Edwards 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. And if a Notice of Charges or Assessment has been filed by the OCC, then Respondent shall not cause, participate in, or authorize the Bank (or any subsidiary or affiliate thereof) to incur, directly or indirectly, 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.

(2) Edwards acknowledges that he has read and understands the premises and obligations of this CMP Order and PC&D Order (Orders) 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 Edwards to agree to consent to the issuance of these Orders and/or to execute these Orders.

(3) It is hereby agreed that the provisions of the CMP Order and PC&D 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.

(4) It is further agreed that the provisions of these Orders shall not be construed as an adjudication on the merits and, except as set forth above in paragraph (3) of this Article, shall not inhibit, estop, bar, or otherwise prevent the Comptroller from taking any action affecting Edwards, 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.

(5) Edwards 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 these Orders, or otherwise creating the impression that these Orders are without factual basis. If Edwards 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 Edwards' testimonial obligations.

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

(7) Edwards understands that nothing herein shall preclude any proceedings brought by the Comptroller to enforce the terms of these Orders and that nothing herein constitutes, nor shall Edwards 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.

(8) These Orders 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.

/s/Delora Ng Jee

3/14/2008

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Delora Ng Jee  
Deputy Comptroller  
Large Bank Supervision

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Date

/s/Keith Edwards  
Keith Edwards

3/13/2008  
Date