

UNITED STATES OF AMERICA
Before The
OFFICE OF THRIFT SUPERVISION

In the Matter of:

Richard J. Krohn

Former President and Director of
Western Savings and Loan
Association, Glenview, Illinois

Resolution No. CHI-93-08

Dated: May 5, 1993

STIPULATION AND CONSENT TO ENTRY
OF AN ORDER TO CEASE AND DESIST

The Office of Thrift Supervision ("OTS"), by and through its Regional Director for the Central Regional Office ("Regional Director"), and Richard J. Krohn ("Krohn"), former president and director and institution-affiliated party of Western Savings and Loan Association, Glenview, Illinois ("Western Savings" or the "Institution") and a person filing and seeking approval of an application from the OTS, hereby stipulate and agree as follows:

1. Consideration. The OTS, based upon information reported to it, is of the opinion that Krohn, as an officer, director and institution-affiliated party of Western Savings and a person filing and seeking approval of an application from the OTS, has violated Section 563.180(b) of the OTS Regulations, 12 C.F.R. § 563.180(b), thereby providing grounds to initiate an administrative cease and desist proceeding against Krohn, pursuant to Section 8(b) of the Federal Deposit Insurance Act ("FDIA"), 12 U.S.C.A. § 1818(b) (West 1989 and Supp. 1992).

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Krohn desires to cooperate with the OTS and to avoid the time and expense of such administrative litigation. Without admitting or denying that such grounds exist, Krohn hereby stipulates and agrees to the following terms in consideration of the forbearance by the OTS from initiating an administrative cease and desist proceeding or other administrative proceedings against him with respect to the matters set forth in this Stipulation and Consent to Entry of an Order to Cease and Desist ("Stipulation") and the accompanying Order to Cease and Desist ("Order"). The OTS has determined that it is appropriate, and in the best interest of the public, to execute this Stipulation and the attached Order.

2. Allegations. The OTS is of the opinion, and Krohn neither admits nor denies, that:

(a) On March 28, 1991, Krohn filed or caused Western Savings to file an application with the OTS to convert Western Savings from a state-chartered mutual institution to a federally-chartered stock institution (the "Application"). As part of the Application, and with the intent that OTS rely thereon, Krohn submitted a personal Biographical and Financial Report dated March 4, 1991 (the "Financial Report"). Krohn certified that the information contained in the Financial Report had been carefully examined by him and that the information contained therein was true, correct and complete.

(b) In truth and fact, as Krohn knew at the time the Application was filed with the OTS, he had not carefully

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examined the Financial Report, and the information contained therein was incorrect and incomplete. Krohn failed to list certain personal liabilities totaling in excess of \$580,000.

(c) Krohn's failure to carefully examine the Financial Report and to correctly and completely list all of his personal liabilities resulted in a material false statement or omission to the OTS concerning a matter within its jurisdiction, thereby constituting a violation of Section 563.180(b) of the OTS Regulations, 12 C.F.R. § 563.180(b).

3. Jurisdiction.

(a) Krohn was at all times relevant hereto an officer and director of Western Savings. Accordingly, Krohn was an "institution-affiliated party" as that term is defined in Section 3(u) of the FDIA, 12 U.S.C.A. § 1813(u).

(b) Krohn filed and caused Western Savings to file the Application, including the Financial Report, with the OTS.

(c) At all times relevant hereto, Western Savings was a "savings association" within the meaning of Section 3(b) of the FDIA, 12 U.S.C.A. § 1813(b) and Section 2(4) of the Home Owners' Loan Act of 1933 ("HOLA"), 12 U.S.C.A. § 1462(4) (West Supp. 1992). Accordingly, Western Savings was an "insured depository institution" as that term is defined in Section 3(c) of the FDIA, 12 U.S.C.A. § 1813(c).

(d) Pursuant to Section 3 of the FDIA, 12 U.S.C.A. § 1813, the OTS is the "appropriate Federal banking agency" to maintain an enforcement proceeding against a savings association

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or its institution-affiliated parties, and against persons filing or seeking approval of an application from the OTS. Therefore, Krohn is subject to the authority of the OTS to initiate and maintain cease and desist proceedings against him pursuant to Section 8(b) of the FDIA, 12 U.S.C.A. § 1818(b).

4. Consent. Krohn consents to the issuance by the OTS of the Order, a copy of which is attached hereto. Krohn further agrees to comply with its terms, provisions, and conditions upon issuance and stipulates that the Order complies with all requirements of law.

5. Finality. The Order is issued under Section 8(b) of the FDIA, 12 U.S.C.A. § 1818(b). Upon its issuance, it shall be a final order, effective and fully enforceable by the OTS under the provisions of Section 8(i)(1) of the FDIA, 12 U.S.C.A. § 1818(i)(1).

6. Waivers. Krohn waives his right to a notice of charges and the administrative hearing provided by Section 8(b) of the FDIA, 12 U.S.C.A. § 1818(b), and further waives any right to seek judicial review of the Order, including any such right provided by Section 8(h) of the FDIA, 12 U.S.C.A. § 1818(h), or otherwise to challenge the validity of the Order.

7. Other Actions, Proceedings and Parties.

(a) This Stipulation, the Order, and the payment by Krohn of any monies or providing any other financial relief as contemplated by the Order, does not compromise, settle, dismiss, resolve, or in any way affect any civil actions, charges

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Resolution No. CHI-93-08

Dated: May 5, 1993

ORDER TO CEASE AND DESIST

WHEREAS, Richard J. Krohn ("Krohn"), a former officer and director of Western Savings and Loan Association, Glenview, Illinois ("Western Savings"), is an "institution-affiliated party" within the meaning of Section 3(u) of the Federal Deposit Insurance Act ("FDIA"), 12 U.S.C.A. § 1813(u) (West 1989 and Supp. 1992); and

WHEREAS, Krohn executed a Stipulation and Consent to Entry of an Order to Cease and Desist ("Stipulation"), which is incorporated herein by reference and is accepted and approved by the OTS, acting through its Regional Director for the Central Regional Office ("Regional Director"); and

WHEREAS, without admitting or denying that the grounds exist therefore, Krohn has consented and agreed in the Stipulation to the issuance of this Order to Cease and Desist ("Order"), pursuant to Section 8(b) of the FDIA, 12 U.S.C.A. § 1818(b);

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NOW, THEREFORE, IT IS ORDERED that:

1. Krohn shall cease and desist from any violation of, or the aiding and abetting of any violation of, Section 563.180(b) of the OTS Regulations, 12 C.F.R. § 563.180(b).

2. When acting in the capacity of a director, officer, person participating in the conduct of the affairs of a federally-insured depository institution, or as a person filing or seeking approval of an application from the OTS or any other federal banking agency, Krohn shall carefully examine all filings he submits, or causes to be submitted, to an appropriate Federal banking agency to ascertain that the information contained in said filing is true, correct and complete. Further, Krohn shall make such independent inquiries and review such pertinent documents as are necessary and appropriate to determine that the information contained in said filings is true, correct and complete.

3. When issues arise that cause Krohn to be unsure about statutory and/or regulatory compliance, or compliance with his obligations under this Order, Krohn shall seek and obtain advice and guidance of competent legal counsel.

4. Krohn shall promptly respond to any request from the OTS for documents that the OTS reasonably requires to determine compliance with this Order.

5. All technical words or terms used in this Order, for which meanings are not specified or otherwise provided for by the provisions of this Order, shall, insofar as applicable, have

