

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-93-09

Dated: May 5, 1993

STIPULATION AND CONSENT TO ENTRY OF AN  
ORDER OF CIVIL MONEY PENALTY ASSESSMENT

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, 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 civil money penalty assessment proceeding against Krohn, pursuant to Section 8(i) of the Federal Deposit Insurance Act ("FDIA"), 12 U.S.C.A. § 1818(i) (West 1989 & 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 civil money penalty assessment proceeding against Krohn with respect to the matters set forth in this Stipulation and Consent to Entry of an Order of Civil Money Penalty Assessment ("Stipulation") and the accompanying Order of Civil Money Penalty Assessment ("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 civil money penalty assessment proceedings against him pursuant to Section 8(i) of the FDIA, 12 U.S.C.A. § 1818(i).

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(i)(2) of the FDIA, 12 U.S.C.A. § 1818(i)(2). 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 assessment of civil money penalty provided by Section 8(i)(2)(H) of the FDIA, 12 U.S.C.A. § 1818(i)(2)(H), and the administrative hearing provided by Section 8(i)(2) of the FDIA, 12 U.S.C.A. § 1818(i)(2), 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 to otherwise challenge the validity of the Order.

7. Other Actions, Proceedings and Parties. By entering into this Stipulation, the OTS and Krohn acknowledge and agree

explicitly to the following provisions:

(a) Krohn acknowledges and agrees that this proceeding, the assessment or payment of the penalty contemplated as part of the resolution thereof, and Krohn's consent to the entry of the Order are for the purposes of resolving this OTS enforcement matter only, and do not resolve, affect or preclude any other civil or criminal proceeding which may be or have been brought against Krohn by the OTS or another governmental entity. By signing this document Krohn agrees that he will not assert the assessment or payment of this penalty as the basis for a claim of double jeopardy in any pending or future proceeding brought by the United States Department of Justice or any other governmental entity.

(b) The OTS and Krohn acknowledge and agree that the imposition of the civil money penalty by the OTS, and the payment of such civil money penalty, are for the purpose of resolving the administrative civil money penalty assessment proceeding and all other potential administrative actions within the jurisdiction of the OTS concerning Krohn relating to matters known or discovered by the OTS up to the date of entry of the Order.

(c) 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 against, or liability of Krohn that arise pursuant to this





