

UNITED STATES OF AMERICA  
Before the  
OFFICE OF THRIFT SUPERVISION

In the Matter of        )  
C. Robert Nicolls        )  
a Former Officer of     )  
St. Paul Federal         )  
Bank for Savings,        )  
Chicago, Illinois        )

Re: Resolution No. CHI-92-13  
Dated: March 27, 1992

STIPULATION AND CONSENT TO ISSUANCE OF  
ORDER OF PROHIBITION

The Office of Thrift Supervision ("OTS"), by and through  
the Regional Director for the Central Region and C. Robert  
Nicolls, a former officer of St. Paul Federal Bank for Savings,  
Chicago, Illinois ("St. Paul"), hereby stipulate and agree as  
follows:

1. Consideration.

The OTS, based upon information reported to it, is of the  
opinion that grounds exist to initiate an administrative  
prohibition proceeding against C. Robert Nicolls pursuant to  
Section 8(e) of the Federal Deposit Insurance Act, as amended,  
("FDIA"), 12 U.S.C. § 1818(e). C. Robert Nicolls desires to  
cooperate with the OTS and to avoid the time and expense of such  
administrative litigation and, without admitting or denying that  
such grounds exist, hereby stipulates and agrees to the  
following terms in consideration of the forbearance by the OTS

from initiating such administrative prohibition proceeding against C. Robert Nicolls with respect to the following matters:

(a) The Report of Examination of St. Paul, dated March 18, 1991, ("Report") indicated numerous problems with C. Robert Nicolls' expense reports including double billing for airfare, inadequate documentation supporting these expenditures, and expense reports for trips where the apparent primary purpose was pleasure rather than business. The identifiable expense report irregularities which were classified by the OTS examiners totaled \$8,206.

(b) Based on the findings of the examiners as detailed in the Report, St. Paul engaged an independent auditor to review C. Robert Nicolls' department, the nationwide loan servicing department. The results of this special audit ("special audit") concluded that C. Robert Nicolls may have diverted more than \$118,000 for his personal use through expense reporting which involved double billings, expenses not supported by adequate or accurate documentation, expenses without a valid business purpose, expenses incurred by persons other than C. Robert Nicolls, and failure to credit expenses charged but not incurred. The special audit indicated that C. Robert Nicolls apparently used St. Paul funds for non-business related personal travel, and to make payments on his personal credit cards. The

special audit also concluded that in two instances C. Robert Nicolls apparently endorsed checks drawn on St. Paul accounts to payees other than himself and deposited such checks into his personal cash accounts. The audit report found numerous expenditures by the nationwide loan servicing department lacking adequate supporting documentation, in many instances because the disbursement was processed as a "teller transaction" on the sole authority of Nicolls.

(c) Subsequent to the special audit, C. Robert Nicolls and St. Paul settled the disputed irregularities in the amount of \$68,980.11.

(d) The alleged conduct indicates violations of 12 C.F.R. § 563.170(c), 12 C.F.R. § 563.161(a), breaches of fiduciary duty, and unsafe and unsound practices.

## 2. Jurisdiction.

(a) St. Paul is a "savings association" within the meaning of Section 3(b) of the FDIA, 12 U.S.C. § 1813(b), and Section 2(4) of the Home Owners' Loan Act, as amended, 12 U.S.C. § 1462(4). Accordingly, it is an "insured depository institution" as that term is defined in Section 3(c) of the FDIA, 12 U.S.C. § 1813(c).

(b) C. Robert Nicolls, as a former officer of St. Paul, is an institution-affiliated party within the meaning of Section 3(u) of the FDIA, 12 U.S.C. § 1813(u).

(c) Pursuant to Section 3(q) of the FDIA, 12 U.S.C. § 1813(q), the OTS is the "appropriate Federal banking agency" to maintain an enforcement proceeding against such a savings association or its institution-affiliated parties. Therefore, C. Robert Nicolls is subject to the authority of the OTS to initiate and maintain a prohibition proceeding against him pursuant to Section 8(e) of the FDIA, 12 U.S.C. § 1818(e).

3. Consent.

C. Robert Nicolls consents to the issuance by the OTS of the accompanying Order of Prohibition ("Order"). He further agrees to comply with its terms upon issuance and stipulates that the Order complies with all requirements of law.

4. Finality.

The Order is issued under Section 8(e) of the FDIA, 12 U.S.C. § 1818(e). Upon its issuance by the Regional Director for the Central Region, 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. § 1818(i)(1).

5. Waivers

C. Robert Nicolls waives the right to a Notice of Intention to Prohibit and the administrative hearing provided by Section 8(e) of the FDIA, 12 U.S.C. § 1818(e), and further waives his right to seek judicial review of the Order, including any such right provided by Section 8(h) of the FDIA, 12 U.S.C. § 1818(h), or to otherwise challenge the validity of the Order.

WHEREFORE, in consideration of the foregoing and intending to be legally bound hereby, the Regional Director for the Central Region on behalf of the OTS, and C. Robert Nicolls execute this Stipulation and Consent to Issuance of Order of Prohibition.

OFFICE OF THRIFT SUPERVISION

By:

/S/

Stuart M. Brafman  
Regional Director  
Central Region

/S/

C. Robert Nicolls

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In the Matter of )  
C. Robert Nicolls )  
a former officer )  
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Chicago, Illinois )

Re: Resolution No. CHI-92-13  
Dated: March 27, 1992

ORDER OF PROHIBITION

WHEREAS, C. Robert Nicolls has executed a Stipulation and Consent to Issuance of Order of Prohibition, which is incorporated herein by reference ("Stipulation"), and is accepted and approved by the Office of Thrift Supervision ("OTS") acting through the Regional Director for the Central Region; and

WHEREAS, C. Robert Nicolls, in the Stipulation has consented to the issuance of this Order of Prohibition ("Order") pursuant to Section 8(e) of the Federal Deposit Insurance Act, as amended, ("FDIA") 12 U.S.C. § 1818(e).

NOW THEREFORE, IT IS ORDERED that:

1. C. Robert Nicolls is removed as an officer and is prohibited from further participation, in any manner, in the conduct of the affairs of St. Paul Federal Bank for Savings, Chicago, Illinois, its holding company(ies), or service corporation(s).

2. Without the prior written approval of the Regional Director for the Central Region and, if appropriate, another Federal financial institution's regulatory agency, C. Robert Nicolls may not hold any office in, or participate in any manner in the conduct of the affairs of any institution(s) or other entity as set forth in Section 8(e)(7)(A) of the FDIA, 12 U.S.C. § 1818(e)(7)(A). Pursuant to Section 8(e)(6) of the FDIA, as amended, 12 U.S.C. § 1818(e)(6), conduct prohibited by this Order includes, inter alia, the solicitation, transfer, or exercise of any voting rights with respect to any securities issued by any insured depository institution.

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3. The Stipulation is made part hereof and is incorporated herein by this reference.

4. This Order is subject to the provisions of Section 8(j) of the FDIA, as amended, 12 U.S.C. § 1818(j), and shall become effective on the date it is issued.

OFFICE OF THRIFT SUPERVISION

By

/S/

Stuart M. Brafman  
Regional Director  
Central Region