

UNITED STATES OF AMERICA  
Before The  
OFFICE OF THRIFT SUPERVISION

In the Matter of: )  
LON G. PRICE )  
Former Assistant )  
Vice President and )  
Institution-Affiliated )  
Party of: )  
First Federal Savings Bank )  
of Indiana )  
Merrillville, Indiana )

Resolution No. IND-92-06

Dated: September 25, 1992

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 Lon G. Price ("Price"), former Assistant Vice President and institution-affiliated party of First Federal Savings Bank of Indiana, Merrillville, Indiana ("Institution"), hereby stipulate and agree as follows:

1. Consideration. The OTS, based upon information derived from the exercise of its supervisory and regulatory powers, is of the opinion that grounds exist to initiate an administrative cease and desist proceeding against Price pursuant to Section 8(b) of the Federal Deposit Insurance Act ("FDIA"), 12 U.S.C.A. § 1818(b) (West 1989 and Supp. 1992). Price desires to cooperate with the

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OTS and to avoid the time and expense of such administrative litigation. Without admitting that such grounds exist, Price hereby stipulates and agrees to the following terms in consideration of the forbearance by the OTS from initiating such administrative cease and desist litigation against Price with respect to the matters covered in the accompanying Order to Cease and Desist ("Order"). Price, without trial, presentation of any evidence, or findings of fact pursuant to an administrative judicial hearing, has consented to the terms of this Stipulation and Consent to Entry of an Order to Cease and Desist ("Stipulation"). The OTS has determined that it is appropriate, and in the best interest of the public to execute the Stipulation and the attached Order. This Stipulation and Order are not intended to, nor shall they be construed to have the effect of, limiting the right of any governmental or administrative agency to initiate or pursue any other action, civil or otherwise, against Price. Further, this Stipulation and Order are not intended to, nor shall they be construed to have the effect of, limiting the right or authority of the OTS to initiate or pursue any other action, civil or otherwise, against Price for conduct that occurs, or is first disclosed to or discovered by the OTS, after the entry of the Order.

2. Jurisdiction and Facts. The OTS is of the opinion that:

(a) The Institution at all times relevant to the allegations set forth herein, was a "savings association" within the meaning of Section 3(b) of the FDIA, 12 U.S.C.A. § 1813(b)

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(West 1989 and Supp. 1992) and Section 2(4) of the Home Owners' Loan Act ("HOLA"), 12 U.S.C.A. §1462(4) (West Supp. 1992). Accordingly, it was an "insured depository institution" as that term is defined in Section 3(c) of the FDIA, 12 U.S.C.A. § 1813(c), as amended.

(b) Pursuant to Section 3(q) of the FDIA, 12 U.S.C.A. §1813(q), the OTS is the "appropriate Federal Banking agency" with jurisdiction over the Institution and persons participating in the conduct of the affairs thereof.

(c) The Director of the OTS has the authority to bring an administrative cease and desist proceeding directing restitution against persons participating in the conduct of the affairs of the Institution and institution-affiliated parties, pursuant to Section 8(b) of the FDIA, 12 U.S.C.A. § 1818(b).

(d) Price was an Assistant Vice President of the Institution and is deemed to be an "institution-affiliated party" of the Institution as that term is defined in Section 3(u) of the FDIA, 12 U.S.C.A. § 1813(u), having served in such capacity within six (6) years of the date hereof.

(e) Price is subject to the authority of OTS to initiate and maintain cease and desist proceedings pursuant to Section 8(b) of the FDIA, 12 U.S.C.A. § 1818(b).

(f) During the period from approximately January 1, 1989 to March 31, 1991, Price, acting as agent of the Institution, entered into written agreements with Preferred Realtors, Inc., a real estate agency, that provided for the payment of a commission

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to Preferred Realtors, Inc. upon the sale of the Institution's real estate owned properties.

(g) In separate agreements, unknown and undisclosed to the Institution, Price entered into referral agreements whereby he personally received approximately 25% of the commission paid by the Institution to Preferred Realtors, Inc. on the sale of real estate owned properties as "referral fees".

(h) During the period from June 16, 1990 to March 4, 1991 Price received five checks from Preferred Realtors, Inc. totaling \$3,628.19 and one check in the amount of \$1,113.88 from Becky Cotter, a real estate agent employed by Preferred Realtors, Inc. Said checks constituted payment of referral fees to Price by Preferred Realtors, Inc. in connection with the sale of the Institution's real estate owned properties.

(i) By entering into the referral agreements with Preferred Realtors, Inc. and by accepting the referral fees without disclosing the referral agreements and the referral fees to the Institution, Price engaged in an unsafe and unsound practice in conducting the business of the Institution and breached his fiduciary duty to the Institution as an Assistant Vice President and agent of the Institution. Price's acceptance of the referral fees constituted unjust enrichment to Price in an amount totaling \$4,742.07 in connection with the unsafe and unsound practice and the breaches of his fiduciary duty. Further, Price's failure to disclose the referral agreements and the referral fees to the Institution and his acceptance of the

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referral fees demonstrated a willful and continuing disregard by Price for the safety and soundness of the Institution.

3. Consent. Without admitting the foregoing allegations, Price consents to the issuance by the OTS of the Order. He further agrees to comply with the terms of the Order upon issuance and stipulates that the Order complies with all the requirements of law, including Section 8(b) of the FDIA, 12 U.S.C.A. §1818(b).

4. 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) of the FDIA, 12 U.S.C.A. § 1818(i).

5. Waivers.

(a) Price 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.

(b) Price acknowledges and agrees that this proceeding, the payment by Price of any monies or providing any other financial relief as contemplated by the Order, and Price'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 has been brought against Price by the OTS or another governmental entity. By signing this document, Price agrees that he will not

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First Federal Savings Bank )  
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Merrillville, Indiana )

Resolution No. IND-92-06

Dated: September 25, 1992

ORDER TO CEASE AND DESIST

WHEREAS, Lon G. Price ("Price") has 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 Office of Thrift Supervision ("OTS"), acting through its Regional Director for the Central Regional Office ("Regional Director"); and

WHEREAS, without admitting the allegations, Price 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 Federal Deposit Insurance Act ("FDIA"), 12 U.S.C.A. § 1818(b) (West 1989 and Supp. 1992);

NOW THEREFORE, IT IS ORDERED THAT Price shall comply with the following provisions:

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1. Price shall make restitution to First Federal Savings Bank of Indiana, Merrillville, Indiana in the amount of \$4,742.07 plus interest calculated in the manner set forth below. The sum of \$4,742.07 represents the referral fees paid to Price by Preferred Realtors, Inc. pursuant to the referral agreements whereby Price agreed to list the Institution's real estate owned properties with Preferred Realtors, Inc. in return for a percentage of the sales commission received by Preferred Realtors, Inc. when the properties were sold.

2. Interest shall be calculated from and after the dates of payment of the referral fees to and including August 31, 1992 at the rate of 15% per annum. Price shall pay interest in the amount of \$1,273.55 to First Federal Savings Bank of Indiana.

3. Price shall comply with Paragraphs 1 and 2 of this Order by tendering a certified check to the Regional Director in the amount of \$6,015.62 payable to "First Federal Savings Bank of Indiana" within fifteen (15) days from the effective date of this Order.

4. 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 meanings as defined in Chapter V of Title 12 of the Code of Federal Regulations, the Federal Deposit Insurance Act ("FDIA"), or the Home Owners' Loan Act ("HOLA"), as amended, and any such technical words or terms used in this Order and

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