

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-92-07
Dated: September 25, 1992

STIPULATION AND CONSENT TO ENTRY
OF AN ORDER OF PROHIBITION

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 prohibition proceeding against Price pursuant to Section 8(e) of the Federal Deposit Insurance Act ("FDIA"), 12 U.S.C.A. § 1818(e) (West 1989 and Supp. 1992). Price desires to cooperate with the OTS and to avoid the time and expense of such administrative litigation. Without admitting that such grounds exist, Price

LG
9-14-92

hereby stipulates and agrees to the following terms in consideration of the forbearance by the OTS from initiating such administrative prohibition litigation against Price with respect to the matters covered in the accompanying Order of Prohibition ("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 of Prohibition ("Stipulation"). The OTS has determined that it is appropriate, and in the best interest of the public to execute this 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) (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).

LSS
9-14-92

Accordingly, it is an "insured depository institution" as that term is defined in Section 3(c) of the FDIA, 12 U.S.C.A. § 1813(c).

(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 administrative prohibition proceedings against persons participating in the conduct of the affairs of the Institution and against institution-affiliated parties, pursuant to Section 5(d)(1)(A) of HOLA, 12 U.S.C.A. § 1464(d)(1)(A) and Section 8(e) of the FDIA, 12 U.S.C.A. § 1818(e).

(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 the OTS to initiate and maintain prohibition proceedings pursuant to Section 8(e) of the FDIA, 12 U.S.C.A. § 1818(e).

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

payment of a commission 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 the 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 and breached his fiduciary duty to the Institution as an Assistant Vice President and agent of the Institution. Price's failure to disclose the referral agreements and the referral fees and Price's acceptance of the referral fees constituted personal dishonesty. Further, Price's failure to disclose the referral agreements and the referral fees to the Institution demonstrated willful and continuing disregard by Price for the safety and soundness of the Institution. By entering into the referral

JEP
9-14-92

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-92-07

Dated: September 25, 1992

ORDER OF PROHIBITION

WHEREAS, Lon G. Price ("Price") has executed a Stipulation and Consent to Entry of an Order of Prohibition ("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 of Prohibition ("Order"), pursuant to 8(e) of the Federal Deposit Insurance Act ("FDIA"), 12 U.S.C.A. § 1818(e) (West 1989 and Supp. 1992);

NOW THEREFORE, IT IS ORDERED THAT:

1. Price is prohibited from participation, in any manner, in the conduct of the affairs of First Federal Savings Bank of

[Handwritten Signature]
9-14-92

Indiana, Merrillville, Indiana and its service corporations, subsidiaries and successors.

2. From and after the effective date of this Order, without the prior written approval of the Director of the OTS, or such person as the Director shall designate, and, if appropriate, another federal financial institutions regulatory agency, Price may not act as a director for, 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.A. § 1818(e)(7)(A), hereinafter referred to as a "Covered Institution." Pursuant to Section 8(e)(6) of the FDIA, 12 U.S.C.A. § 1818(e)(6), as amended, conduct prohibited by this Order includes, inter alia, the solicitation, the transfer or the exercise of any voting rights with respect to any securities issued by any insured depository institution.

3. Nothing in this Order, however, prohibits Price from the following activities, even though such activities may involve or relate to a Covered Institution:

(a) being a customer, as a depositor or borrower, of a Covered Institution; or

(b) owning stock in a Covered Institution;

Provided however, that the activities outlined in this paragraph 3(a)-(b) above may not be performed in a manner that would make Price an "institution-affiliated party" as that term is defined in Section 3(u) of the FDIA, 12 U.S.C.A. § 1813(u).

4. All technical words or terms used in this Order, for which meanings are not specified or otherwise provided for by the

