

#2887

UNITED STATES OF AMERICA
before the
OFFICE OF THRIFT SUPERVISION

In the Matter of)
Athens Federal Savings and Loan)
Association)
Athens, Tennessee)

Resolution No.: CIN 91-25
Dated: July 29, 1991

STIPULATION AND CONSENT TO ISSUANCE OF
ORDER TO CEASE AND DESIST

The Office of Thrift Supervision ("OTS") by and through its Deputy Regional Director for the Cincinnati District Office of OTS and Athens Federal Savings and Loan Association, Athens, Tennessee ("Athens Federal"), 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 Cease and Desist proceeding against Athens Federal pursuant to the Federal Deposit Insurance Act, § 8(b), 12 U.S.C.A. § 1818(b) (West 1989). Athens Federal desires to cooperate with the OTS and to avoid the time and expense of such administrative litigation and, without admitting that such grounds exist, 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 Athens Federal with respect to the matters covered in the accompanying Order to Cease and Desist ("Order").

- C Supervisory File
- C Corporate File
- C Holding Co. File #
- C OTS - Dockets
- C Examinations
- C Membership File
- C FDIC - Chicago, IL - *none*
- C FDIC - Memphis, TN
- C K. Carls (2)
- C Circulating File
- C *Blufman, Pritchard*
- C *Coastal, Summers, LBS*

7-29-91

(Date)

2. Jurisdiction.

(a) Athens Federal is a "savings association" and an "insured depository institution" as defined by 12 U.S.C.A. §§ 1462 and 1813 (West 1989 and Supp. 1990).

(b) The OTS is the "appropriate Federal Banking agency" to maintain a cease and desist proceeding against such savings association, pursuant to 12 U.S.C.A. § 1818(b) (West 1989), therefore, Athens Federal is subject to the authority of the OTS to initiate and maintain a cease and desist proceeding against it.

3. Consent. Athens Federal consents to the issuance by the OTS of the Order. It further agrees to comply with the terms of the Order upon its issuance and stipulates that the Order complies with all requirements of law.

4. Finality. The Order is issued under 12 U.S.C.A. § 1818(b) (West 1989). Upon its issuance by the Cincinnati District Office, OTS, it shall be a final Order, effective and fully enforceable by the OTS under the provisions of 12 U.S.C.A. § 1818(i) (West 1989).

5. Waivers. Athens Federal waives its right to a notice of charges and the administrative hearing provided by 12 U.S.C.A. § 1818(b) (West 1989), and further waives its right to seek judicial review of the Order, including any such right provided by 12 U.S.C.A. § 1818(h) (West 1989), or otherwise to challenge the validity of the Order.

WHEREFORE, in consideration of the foregoing, the OTS, by and through its Deputy Regional Director for the Cincinnati District Office, OTS, and Athens Federal by a majority of its directors, execute this Stipulation and Consent to Issuance of Order to Cease and Desist.

OFFICE OF THRIFT SUPERVISION

Athens Federal Savings and Loan
Association
Athens, Tennessee
by a majority of its directors

 / S /

Jerry M. Benham
Deputy Regional Director
Cincinnati District Office
Office of Thrift Supervision

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Before The
OFFICE OF THRIFT SUPERVISION

In the Matter of)	
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Athens Federal Savings and Loan)	Resolution No.: CIN 91- 25
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ORDER TO CEASE AND DESIST

WHEREAS, Athens Federal Savings and Loan Association, Athens, Tennessee ("Athens Federal"), through its directors, has executed a Stipulation and Consent to Issuance of Order to Cease and Desist ("Stipulation") which is accepted and approved by the Office of Thrift Supervision ("OTS"), acting through its Deputy Regional Director for the Cincinnati District Office, and is incorporated herein by reference; and

WHEREAS, Athens Federal, in the Stipulation, has consented and agreed to the issuance of this Order to Cease and Desist ("Order") pursuant to the Federal Deposit Insurance Act, § 8(b), 12 U.S.C.A. § 1818(b) (West 1989).

NOW THEREFORE, IT IS ORDERED that Athens Federal and its directors, officers, employees, agents, and service corporations shall cease and desist from any regulatory and statutory violations as referenced in the April 22, 1991 OTS Report of Examination. Further, Athens Federal shall abide by the terms of this Order, as follows:

1. Athens Federal shall, within 30 days of the issuance of this Order, adopt policies and management shall implement written procedures

to insure the daily review by an appropriate employee of any NOW account overdrafts by any affiliated persons of Athens Federal, as those terms are defined by the OTS Regulations. Such policies and procedures shall be approved by the Board of Directors, and shall: include actions to be taken by management in the event of such overdrafts; provide for documentation of the daily review; provide for monthly summaries of overdrafts and management response to be presented to the Board; and provide for documentation of the Board's approval or disapproval of management's actions regarding such overdrafts.

2. Any loans made to affiliated persons shall be reviewed by the entire Board of Directors prior to being granted. The minutes of the relevant Board meeting shall reflect such review, in addition to a review of all applicable regulations restricting loans to affiliated persons. Notification of any approved loans to affiliated persons shall be sent to the Assistant Director, OTS, Cincinnati District, on the business day following such approval.

3. Within 30 days from the date of this Order, the Board of Directors shall adopt policies and management shall implement procedures requiring documentation of the nature and purpose of travel and entertainment expenses over a specified amount, timely review of expenses and documentation by an appropriate employee, and approval or disapproval of management's actions regarding expenses by the Board on a monthly basis.

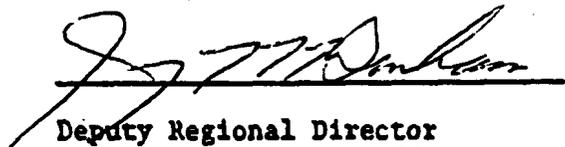
4. Within 60 days from the date of this Order, the Board of Directors shall adopt policies and management shall implement procedures for determining adequate levels of valuation allowances. Such levels and adequacy shall be reviewed by the Board on a quarterly basis.

5. Within 90 days from the date of this Order, the Board of Directors and management shall submit for approval to the Assistant Director, OTS, an acceptable Business Plan which shall: provide for improvement of Athens Federal's level of capital; include a budget for Athens Federal's operations; and provide for improving Athens Federal's return on assets to a level more comparable with their peer group. Such Business Plan shall be reviewed by the Board at least twice a year.

6. Within 90 days from the date of this Order, the Board of Directors shall adopt policies and strategies, and management shall implement procedures and identify options for the restructuring of assets and liabilities with the objective of improving Athens Federal's maturity gap ratio and reducing the potential effects of adverse interest rate movements on the market value of portfolio equity and net interest income. Such policies, strategies, options and procedures shall be included in the Business Plan required by paragraph 5 above.

7. Athens Federal shall immediately adopt procedures to insure Thrift Financial Reports are completed in an accurate manner. The Board of Directors shall review such procedures and their approval shall be reflected in the minutes of the appropriate Board meeting.

OFFICE OF THRIFT SUPERVISION



Deputy Regional Director
Cincinnati District Office