

UNITED STATES OF AMERICA
Before The
OFFICE OF THRIFT SUPERVISION

In the Matter of:)
)
JON R. BAUGHMAN)
)
Former Chief Financial)
Officer, Director and)
Institution Affiliated Party)
of:)
)
American Federal Bank, a)
Federal Savings Bank,)
Ada, Oklahoma)
)

Re: Resolution No. TOP-91-25

Dated: August 6, 1991

STIPULATION AND CONSENT TO ISSUANCE OF
ORDER OF CIVIL MONEY PENALTY ASSESSMENT

The Office of Thrift Supervision ("OTS"), by and through its Regional Director for the Midwest Regional Office, and Jon R. Baughman ("Baughman"), 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 civil money penalty assessment proceeding against Baughman pursuant to Section 8(i)(2) of the Federal Deposit Insurance Act ("FDIA"), as amended by Section 907(a)(2)(A) of the Financial Institutions Reform, Recovery and Enforcement Act of 1989 ("FIRREA"), 12 U.S.C. § 1818(i)(2) (1988 and Supp I. 1989). Baughman desires to cooperate with OTS and to avoid the time and expense of such administrative litigation. Without admitting or

denying the statements, conclusions or terms herein, Baughman hereby stipulates and agrees to the following terms in consideration of the forbearance by the OTS from initiating such administrative civil money penalty assessment litigation. Baughman, without trial, presentation of any evidence, or findings of fact pursuant to an administrative judicial hearing, has consented to the terms of the Stipulation for the sole purpose of resolving the issues in this proceeding without significant legal cost and expense. The OTS has determined that it is appropriate, and in the best interest of the public to execute the Stipulation and the attached Order of Civil Money Penalty Assessment ("Order"). This Stipulation and the attached Order are issued solely to settle this proceeding, and are not the result of factual findings. Baughman acknowledges that the imposition of the Civil Money Penalty in this administrative proceeding by the OTS, and the payment of such Civil Money Penalty, are for the purpose of resolving this administrative proceeding only.

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

(a) American Federal Bank, a Federal Savings Bank, Ada, Oklahoma (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. § 1813(b) and Section 2(4) of the Home Owners' Loan Act of 1933, as amended by Section 301 of FIRREA, 12 U.S.C. § 1462(4) (1989). Accordingly, it was an "insured depository institution" as that term is defined

in Section 3(c) of the FDIA, as amended by FIRREA, 12 U.S.C. § 1813(c).

(b) Until August 9, 1989, the accounts of the Institution were insured by the Federal Savings and Loan Insurance Corporation ("FSLIC") pursuant to Section 403(b) of the National Housing Act of 1934 ("NHA"), 12 U.S.C. § 1726(b), by reason of which it was an "insured institution" within the meaning of the NHA.

(c) As of August 9, 1989, pursuant to the provisions of FIRREA, the insurance of the accounts of the Institution was transferred to the Federal Deposit Insurance Corporation.

(d) Until August 9, 1989, the Federal Home Loan Bank Board ("FHLBB"), as operating head of the FSLIC, was the regulatory agency with jurisdiction over the Institution and persons participating in the conduct of its affairs, including Baughman, pursuant to Sections 403 and 407 of the NHA, 12 U.S.C. §§ 1726 and 1730.

(e) As of August 9, 1989, pursuant to Section 3(q) of the FDIA, as amended by Section 204 of FIRREA, 12 U.S.C. § 1813(q), the OTS succeeded to the interests of the FHLBB with respect to the supervision and regulation of all savings associations, and thus became the "appropriate Federal banking agency" with jurisdiction over the Institution and persons participating in the conduct of the affairs thereof.

(f) The Director of the OTS has the authority to bring administrative proceedings to assess civil money penalties against

institution-affiliated parties pursuant to Section 8(i)(2) of the FDIA, as amended by FIRREA, 12 U.S.C. § 1818(i)(2).

(g) Baughman was at all times relevant hereto a Director and Chief Financial Officer of the Institution and an officer of Lenders Service Incorporated, a service corporation of the Institution. Accordingly, Baughman is an "institution-affiliated party" as that term is defined in Section 3(u) of the FDIA, as amended by FIRREA, 12 U.S.C. § 1813(u), and as such, is subject to the authority of the OTS to initiate and maintain the assessment of a civil money penalty pursuant to Section 8(i)(2) of the FDIA, as amended by FIRREA, 12 U.S.C. § 1818(i)(2).

3. Consent. Baughman consents to the issuance by OTS of the accompanying Order, a copy of which is attached hereto and incorporated as Exhibit A, and further agrees to comply with its terms upon issuance and stipulates that the Order complies with all requirements of 12 U.S.C. § 1818(i).

4. Finality. The Order is issued under Section 8(i)(2) of the FDIA, as amended by FIRREA, 12 U.S.C. § 1818(i)(2). Upon its issuance by the Regional Director for the Midwest Regional Office of OTS, it shall be a final order, effective and fully enforceable by OTS under the provisions of Section 8(i)(2) of the FDIA, as amended by FIRREA, 12 U.S.C. § 1818(i)(2).

5. Waivers. Baughman waives the right to a Notice of Assessment of Civil Money Penalty provided by Section 8(i)(2) of the FDIA, as amended by FIRREA, 12 U.S.C. § 1818(i)(2), and the

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Re: Resolution No. TOP-91-25

Dated: August 6, 1991

ORDER OF CIVIL MONEY PENALTY ASSESSMENT

WHEREAS, Jon R. Baughman ("Baughman") has executed a Stipulation and Consent to Issuance of Order of Civil Money Penalty Assessment ("Stipulation"), which is incorporated herein by reference and is accepted and approved by the Office of Thrift Supervision ("OTS") acting through the Regional Director for the Midwest Regional Office of the OTS; and,

WHEREAS, without admitting or denying that grounds exist therefor, Baughman has consented and agreed in the Stipulation to the issuance of this Order of Civil Money Penalty Assessment ("Order"), pursuant to Section 8(i)(2) of the Federal Deposit Insurance Act ("FDIA"), as amended by Section 907(a)(2)(A) of the Financial Institutions Reform, Recovery and Enforcement Act of 1989 ("FIRREA"), 12 U.S.C. § 1818(i)(2) (1988 and Supp. I 1989);

NOW THEREFORE, IT IS ORDERED that:

Within five (5) days of receiving notice of the effective date of this Order, Baughman shall pay to OTS a sum of \$25,000.00 by tendering a check to OTS in that amount, made payable to the Treasurer of the United States.

OFFICE OF THRIFT SUPERVISION

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By: _____

Billy C. Wood
Regional Director
Midwest Regional Office