

95071

UNITED STATES OF AMERICA  
Before The  
OFFICE OF THRIFT SUPERVISION

In the Matter of )  
 )  
FINANCIAL FEDERAL SAVINGS )  
AND LOAN ASSOCIATION OF )  
DADE COUNTY )  
 )  
Miami Lakes, Florida )  
 )  
 )

Re: Resolution No. ATL-90-16

DATED: November 29, 1990

STIPULATION AND CONSENT TO ISSUANCE  
OF ORDER TO CEASE AND DESIST

The Office of Thrift Supervision ("OTS"), by and through its Regional Director for the Southeast Regional Office, OTS, and Financial Federal Savings and Loan Association of Dade County, Miami Lakes, Florida, OTS Docket Number 02501 ("Financial 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 Financial Federal pursuant to Section 8(b) of the Federal Deposit Insurance Act ("FDIA"), as amended by the Financial Institutions Reform, Recovery, and Enforcement Act of 1989, Pub. L. No. 101-73, 103 Stat. 183 ("FIRREA"), 12 U.S.C. § 1818(b). Financial Federal desires to cooperate with the OTS and to avoid the time and expense of such administrative proceeding 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 cease-and-desist proceeding against Financial Federal with respect to the matters covered in the accompanying Order to Cease and Desist ("Order").

2. Jurisdiction.

(a) Financial Federal is a "savings association" within the meaning of Section 3 of the FDIA and Section 2 of the Home Owners' Loan Act, as amended by FIRREA. Accordingly, it is 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) Pursuant to Section 3 of the FDIA, as amended by FIRREA, the Director of OTS is the "appropriate Federal Banking agency" to maintain an enforcement proceeding against such a savings association. Therefore, Financial Federal is subject to the authority of the OTS to initiate and maintain a cease and desist proceeding against it pursuant to Section 8(b) of the FDIA, as amended by FIRREA, 12 U.S.C. § 1818(b).

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

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

5. Waivers. Financial Federal waives its right to a notice of charges and the administrative hearing provided by Section 8(b) of the FDIA, as amended by FIRREA, 12 U.S.C. § 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, as amended by FIRREA, 12 U.S.C. § 1818(h), or otherwise to challenge the validity of the Order.

WHEREFORE, in consideration of the foregoing, the OTS, by and through its Regional Director for the Southeast Regional Office, OTS, and Financial Federal, by a majority of

its directors, executes this Stipulation and Consent to Issuance of Order to Cease and Desist.

OFFICE OF THRIFT SUPERVISION

By: 151  
~~John E. Ryan~~  
Regional Director  
Southeast Regional Office

FINANCIAL FEDERAL SAVINGS AND LOAN  
ASSOCIATION OF DADE COUNTY  
by a majority of its directors

By: 151  
Director

By: \_\_\_\_\_  
Director

By: \_\_\_\_\_  
Director

By: \_\_\_\_\_  
Director

UNITED STATES OF AMERICA  
Before The  
OFFICE OF THRIFT SUPERVISION

In the Matter of )  
 )  
FINANCIAL FEDERAL SAVINGS AND )  
LOAN ASSOCIATION OF DADE COUNTY )  
 )  
Miami Lakes, Florida )  
 )  
 )  
 )

Re: Resolution No. ATL-90-16  
DATED: November 29, 1990

ORDER TO CEASE AND DESIST

WHEREAS, Financial Federal Savings and Loan Association of Dade County, Miami Lakes, Florida, Docket Number 2501 ("Financial Federal" or "Institution"), through its directors, has executed a Stipulation and Consent to Issuance of Order to Cease and Desist, which is incorporated herein by reference ("Stipulation") and is accepted and approved by the Office of Thrift Supervision ("OTS"), acting through its Regional Director for the Southeast Regional Office; and

WHEREAS, Financial Federal, in the Stipulation, has consented and agreed to the issuance of this Order to Cease and Desist ("Order") pursuant to Section 8(b) of the Federal Deposit Insurance Act, as amended by the Financial Institutions Reform, Recovery and Enforcement Act of 1989, Pub. L. No. 101-73, 103 Stat. 183 ("FIRREA"), 12 U.S.C. § 1818(b).

NOW THEREFORE, IT IS ORDERED that Financial Federal and its directors, officers, employees, agents and service corporations shall cease and desist from any violation of, or the aiding and abetting of any violation of:

- a. 12 C.F.R. § 563.160
- b. 12 C.F.R. § 571.26
- c. 12 C.F.R. § 563.161(b)
- d. 12 C.F.R. § 563.176
- e. 12 C.F.R. § 571.3

and all successor laws, regulations, and policies.

IT IS FURTHER ORDERED that:

1. Directors' Responsibilities. The board of directors of Financial Federal shall actively fulfill its fiduciary responsibilities to ensure that the Institution is capably supervised, consistent with the guidelines set forth in R Memorandum 62 and Section 140 of the Thrift Activities Handbook. All minutes of the meetings of the board of directors and any committees thereof shall be detailed and accurate so as to reflect the appropriate level of supervision exercised by the directorate of the affairs of Financial Federal.

2. Compensation.

(a) Financial Federal shall not provide any compensation or other direct or indirect benefits including, but not limited to, bonuses to employees, officers and directors beyond those determined to be reasonable and prudent in accordance with the provisions of 12 C.F.R. § 563.161(b). The board of directors shall, within 45 days of the effective date of this Order, review Financial Federal's compensation policies and revise them as necessary to require consideration of the Institution's overall financial condition and performance in determining the rate of compensation paid to senior executive officers. Any bonuses paid to senior executive officers shall be based on the Institution's attaining specific board approved goals which address, without limitation, the sources and stability of Financial Federal's earnings, including its (i) net interest income, (ii) interest rate risk exposure, and (iii) the adequacy of its general valuation allowances.

(b) Compensation and other direct or indirect benefits paid to employees, officers and directors of the Institution shall comply with the conditions of the Regional Director's letter of November 16, 1990, approving Financial Federal's capital plan ("Capital Plan Approval").

(c) Until Financial Federal has achieved compliance with each of the capital requirements set forth by 12 C.F.R. Part 567, the Institution shall limit the compensation paid to its directors for service on the board to an amount not in excess of \$1,250 per board meeting attended and \$300 per board committee meeting attended. The Institution shall immediately cease the payment of any bonus, retainer and/or consulting fee to members of its board of directors, excluding bonuses paid to directors in their capacity as employees of the Institution, consistent with the provisions

of this Order and the Capital Plan Approval.

3. Asset Classification. Financial Federal shall implement a system for the effective self-classification of its assets as required by 12 C.F.R. §§ 563.160 and 571.26. The classification system implemented by the Institution shall include, without limitation, specific criteria and methods of measurement to determine assets classified special mention, substandard, doubtful and loss. The system shall further require that the fair value of real estate owned be calculated at the earlier of in substance foreclosure or acquisition by the Institution and that the amount of the carrying value of the asset that exceeds its fair value be classified loss.

4. Valuation Reserves. To the extent not already accomplished, Financial Federal shall establish the required general and specific valuation allowances set forth in the Report of Examination of the Institution as of April 2, 1990, and, thereafter, maintain prudent general and specific valuation allowances pursuant to, and in compliance with, 12 C.F.R. § 563.160. The board of directors shall, within 45 days of the effective date of this Order, adopt revised written policies and procedures, and establish corresponding control systems, to ensure compliance with this Paragraph 4. The revised policies shall take into consideration, at a minimum, (a) assets classified substandard, doubtful and loss, (b) assets subject to special mention, (c) historical loss experience, (d) portfolio concentrations, and (e) present and prospective economic conditions. The board and management shall review and assess the adequacy of the Institution's specific and general valuation reserves on an ongoing basis and adjust them accordingly.

5. Asset Liability Policies. Financial Federal shall adopt and implement, within 45 days of the effective date of this Order, new written asset liability policies and procedures, and establish corresponding internal control systems, as necessary, to address the reduction of interest rate risk. Said policies and procedures shall ensure the prudent management of the Institution's interest rate risk exposure as required by 12 C.F.R. §§ 563.176 and 571.3 and shall be consistent with the guidelines set forth in OTS Thrift Bulletin 13, and all other applicable laws, regulations and OTS policies.

All technical words or terms used in this Order for which meanings are not specified or otherwise provided 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. Any such technical words or terms used

in this Order and undefined in said Code of Federal

Regulations shall have meanings that accord with the best custom and usage in the savings and loan industry. For purposes of this Order, references to regulations, bulletins, memoranda and publications shall include any successor provisions mandated by the Financial Institutions Reform, Recovery, and Enforcement Act of 1989.

THE OFFICE OF THRIFT SUPERVISION

By:

151  
~~John E. Ryan~~  
Regional Director  
Southeast Regional Office