

OFFICE OF THRIFT SUPERVISION

Receivership of a Federal Savings Bank

Date: September 17, 2010
Order No.: 2010-57
OTS No.: 18048

The Acting Director of the Office of Thrift Supervision (OTS), or his designee, in cooperation with the Federal Deposit Insurance Corporation (FDIC), has determined to appoint the FDIC as receiver of Maritime Savings Bank, West Allis, Wisconsin (Savings Bank).

GROUNDS FOR APPOINTMENT OF FDIC AS RECEIVER FOR THE SAVINGS BANK

The Acting Director, or his designee, based upon the administrative record, finds and determines the following:

- (i) The Savings Bank, by resolution of its board of directors, has consented to the appointment of a receiver;
- (ii) The Savings Bank is undercapitalized, as defined in section 38(b) of the Federal Deposit Insurance Act (FDIA), and has no reasonable prospect of becoming adequately capitalized; and
- (iii) The Savings Bank has substantially insufficient capital.

The Savings Bank is a Deposit Insurance Fund-insured, federally chartered mutual savings bank headquartered in West Allis, Wisconsin. The Savings Bank operates seven branches located in the Milwaukee, Wisconsin metropolitan area and one branch in Maricopa County, Arizona.

The Savings Bank's June 30, 2010 Thrift Financial Report (TFR) reported that the Savings Bank had approximately \$350.5 million in assets, \$341.1 million in liabilities, and \$9.0 million in tangible capital as of June 30, 2010. The Savings Bank reported net losses totaling \$21.0 million for calendar year 2009, and additional net losses of \$2.9 million for the two quarters ended June 30, 2010. In its June 30, 2010, TFR the Savings Bank reported tier 1 (core) and total risk-based capital of 2.57 percent and 4.50 percent, respectively. Based on the capital ratios in the Savings Bank's June 30, 2010, TFR, the Savings Bank is significantly undercapitalized under OTS's Prompt Corrective Action (PCA) regulation.

DISCUSSION OF GROUNDS FOR APPOINTMENT OF A RECEIVER FOR THE SAVINGS BANK

Section 5(d)(2)(A) of the Home Owners' Loan Act (HOLA), 12 U.S.C. § 1464(d)(2)(A), provides that OTS may appoint a receiver for any insured savings association if OTS determines that one or more grounds specified in section 11(c)(5) of the Federal Deposit Insurance Act (FDIA), 12 U.S.C. § 1821(c)(5), exist.

Consent

Under section 11(c)(5)(I) of the FDIA, OTS may appoint a receiver for a savings association if it, by resolution of its board of directors, consents to the appointment. The Acting Director, or his designee, finds that the board of directors of the Savings Bank, by resolution dated August 25, 2010, consented to the appointment of a conservator or receiver by OTS and, on August 25, 2010, the Savings Bank entered into an Agreement and Consent to the Appointment of a Conservator or Receiver, which provides consent for such an appointment by OTS.

Undercapitalized and No Reasonable Prospect of Becoming Adequately Capitalized

Under section 11(c)(5)(K)(i) of the FDIA, OTS may appoint a receiver if a savings association is undercapitalized as defined in 12 U.S.C. § 1831o(b) and has no reasonable prospect of becoming adequately capitalized. Under section 1831o(b) an institution is undercapitalized if it fails to meet any required minimum capital level. OTS has determined that a savings association is undercapitalized on the basis of its total risk-based capital ratio if such ratio is less than 8 percent, and that a savings association is undercapitalized on the basis of its tier 1 (core) capital ratio, if, for a savings association that is not "1" rated, the tier 1 (core) capital ratio is less than 4 percent.¹

The Savings Bank reported that, as of June 30, 2010, it had tier 1 (core) and total risk-based capital ratios of 2.57 percent and 4.50 percent, respectively. As discussed above, the Savings Bank has reported in its TFR that it is significantly undercapitalized. The Savings Bank's capital levels have declined since June 30, 2010, and accordingly, the Savings Bank remains undercapitalized.

During the past year, the Savings Bank has attempted to raise additional capital through various sources, and the Savings Bank has attempted to find an acquiror. At present, no investor or investors have been identified that are willing and able to recapitalize or acquire the Savings Bank. Given the Savings Bank's lack of success in raising capital over the past year, and the Savings Bank's deteriorating financial position, it is unlikely that the Savings Bank will be able to raise additional capital through outside sources.

¹ A tier 1 (core) ratio of 3 percent is permissible if the institution has a CAMELS composite rating of one. The Savings Bank is not "one" rated.

Also, in light of the Savings Bank's operations and assets, it is not likely that the Savings Bank will be able to achieve adequately capitalized status through internal means, such as profitable operations or sales of existing assets.

Therefore, the Acting Director, or his designee, concludes that the Savings Bank is undercapitalized and that it has no reasonable prospect of becoming adequately capitalized.

Substantially Insufficient Capital

Under section 11(c)(5)(L)(ii) of the FDIA, OTS may appoint a receiver for a savings association if it has substantially insufficient capital. Pursuant to the authority granted in sections 5(t)(1)(A)(i) and 5(t)(2)(A) of the HOLA, OTS has promulgated 12 C.F.R. Part 567, requiring all savings associations that are not "1" rated to maintain a tier 1 (core) capital ratio of 4 percent and all savings associations to maintain a minimum total risk-based capital ratio of 8 percent of the institution's risk-based assets, as defined. OTS has concluded previously that failure to maintain at least two-thirds of any capital required by 12 C.F.R. Part 567 constitutes a substantial capital insufficiency within the meaning of the 12 U.S.C. § 1821(c)(5)(L)(ii). See, *e.g.*, OTS Orders No. 2009-21 (April 17, 2009) and No. 2008-33 (September 19, 2008).

The Savings Bank is not "1" rated and had a tier 1 (core) capital ratio and a total risk-based capital ratio of 2.57 percent and 4.50 percent, respectively, as of June 30, 2010. Since June 30, 2010, both capital ratios have declined. Accordingly, the Savings Bank's tier 1 (core) capital ratio and total risk-based capital ratio both are less than two-thirds of the applicable capital requirements. Accordingly, the Acting Director, or his designee, concludes that the Savings Bank has substantially insufficient capital.

The Acting Director, or his designee, therefore, has determined that grounds for the appointment of a receiver for the Savings Bank exist under section 5(d)(2) of the HOLA, and sections 11(c)(5) (I), (K)(i), and (L)(ii) of the FDIA, 12 U.S.C. §§ 1821(c)(5)(I), (K)(i), and (L)(ii).

ACTIONS ORDERED OR APPROVED

Appointment of a Receiver

The Acting Director, or his designee, hereby appoints the FDIC as receiver for the Savings Bank, for the purpose of liquidation or winding up the affairs of the Savings Bank, pursuant to section 5(d)(2) of the HOLA, 12 U.S.C. § 1464(d)(2), and section 11(c)(6)(B) of the FDIA, 12 U.S.C. § 1821(c)(6)(B).

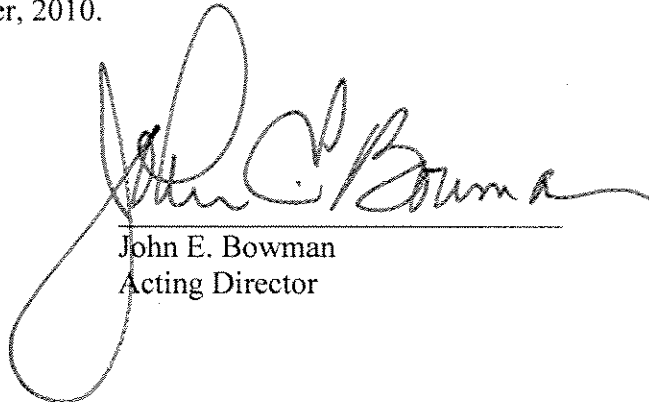
Delegation of Authority to Act for OTS

The Acting Director, or his designee, hereby authorizes the OTS Central Regional Director, or his designee, and the Deputy Chief Counsel for Business Transactions of the Chief Counsel's Office, or his designee, to: (i) certify orders; (ii) sign, execute, attest, or certify other

documents of OTS issued or authorized by this Order; (iii) designate the persons or entity that will give notice of the appointment of a receiver for the Savings Bank and serve the Savings Bank with a copy of this Order pursuant to 12 C.F.R. § 558.2; and (iv) perform such other functions of OTS necessary or appropriate for implementation of this Order. All documents to be issued under the authority of this Order must be first approved, in form and content, by the Chief Counsel's Office. In addition, the Acting Director, or his designee, hereby authorizes the Deputy Chief Counsel for Business Transactions, or his designee, to make any subsequent technical corrections, that might be necessary, to this Order, or any documents issued under the authority of this Order.

By Order of the Acting Director of OTS, or his designee, effective: (a) as to the above matters regarding the delegation of authority, immediately upon signature; and (b) as to the above matters regarding the appointment of the FDIC as receiver, immediately upon service of this Order on the Savings Bank.

Executed this 17th day of September, 2010.

A handwritten signature in black ink, appearing to read "John E. Bowman", is written over a horizontal line. The signature is stylized and cursive.

John E. Bowman
Acting Director