

**UNITED STATES OF AMERICA**  
**Before The**  
**OFFICE OF THRIFT SUPERVISION**

_____ )	
In the Matter of: )	
)	Order No.: DC 11-053
<b>CARL R. PALMER,</b> )	
)	
Director and )	Effective Date: May 3, 2011
Institution-Affiliated Party of )	
)	
First Federal Savings & Loan )	
Association of )	
Olathe, Kansas )	
OTS Docket No. 02004 )	
_____ )	

**ORDER OF ASSESSMENT OF A CIVIL MONEY PENALTY**

**WHEREAS, Carl R. Palmer** (Respondent) has executed a Stipulation and Consent to the Issuance of an Order of Assessment of a Civil Money Penalty (Stipulation); and

**WHEREAS,** Respondent, by executing the Stipulation, has consented and agreed to the issuance of this Order of Assessment of Civil Money Penalty (Order) by the Office of Thrift Supervision (OTS), pursuant to 12 U.S.C. § 1818(i); and

**WHEREAS,** pursuant to delegated authority, the Deputy Director of Examinations, Supervision and Consumer Protection is authorized to issue Orders of Assessment of a Civil Money Penalty where an institution-affiliated party has consented to the issuance of an Order;

**NOW, THEREFORE, IT IS ORDERED that:**

**Payment of Civil Money Penalty.**

1. Effective immediately, Respondent is ordered to pay the sum of Three Thousand Dollars (\$3,000) by tendering a certified check or bank draft made payable to the order of the Treasury of the United States.

**Indemnification Prohibited.**

2. Respondent shall pay such civil money penalty himself and is prohibited from seeking or accepting indemnification for such payment from any third-party.

**Effective Date, Incorporation of Stipulation.**

3. This Order is effective on the Effective Date as shown on the first page. The Stipulation is made a part hereof and is incorporated herein by this reference.

**IT IS SO ORDERED.**

**OFFICE OF THRIFT SUPERVISION**

By: \_\_\_\_\_/s/\_\_\_\_\_

Thomas A. Barnes  
Deputy Director, Examinations, Supervision and  
Consumer Protection

Date: See Effective Date on page 1

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First Federal Savings & Loan	)	
Association of Olathe	)	
Olathe, Kansas	)	
OTS Docket No. 02004	)	
_____	)	

**STIPULATION AND CONSENT TO THE ISSUANCE OF**  
**AN ORDER OF ASSESSMENT OF A CIVIL MONEY PENALTY**

**WHEREAS**, the Office of Thrift Supervision (OTS), acting by and through its Deputy Director of Examinations, Supervision and Consumer Protection (Deputy Director), and based upon information derived from the exercise of its regulatory and supervisory responsibilities, has informed **Carl R. Palmer** (Palmer), Director and institution-affiliated party of First Federal Savings & Loan Association of Olathe, Olathe, Kansas, OTS Docket No. 02004 (Association), that grounds exist to initiate a civil money penalty assessment proceeding against him pursuant to 12 U.S.C. § 1818(i); and

**WHEREAS**, the Deputy Director, pursuant to delegated authority, is authorized to issue Orders of Assessment of a Civil Money Penalty where an institution-affiliated party has consented to the issuance of an order; and

**WHEREAS**, Palmer desires to cooperate with the OTS to avoid the time and expense of an administrative civil money penalty proceeding by entering into this Stipulation and Consent to the Issuance of an Order of Assessment of a Civil Money Penalty (Stipulation), without admitting or denying that such grounds exist, but only admitting the statements and conclusions in Paragraphs 1, 2, and 3 below concerning Jurisdiction, hereby stipulates and agrees as follows:

**Jurisdiction.**

1. The Association is a “savings association” within the meaning of 12 U.S.C. § 1813(b) and 12 U.S.C. § 1462(4). Accordingly, the Association is an “insured depository institution” as that term is defined in 12 U.S.C. § 1813(c).
2. As a director of the Association, Palmer is deemed an “institution-affiliated party” of the Association, as that term is defined in 12 U.S.C. § 1813(u), and served in such capacity within six (6) years of the Effective Date as shown on the first page (*see* 12 U.S.C. § 1818(i)(3)).
3. Pursuant to 12 U.S.C. § 1813(q), the Director of the OTS is the “appropriate Federal banking agency” to initiate and maintain a civil money penalty proceeding against Palmer pursuant to 12 U.S.C. § 1818(i).

**OTS Findings of Fact.**

4. Palmer, at all times pertinent to the events described herein, was a director of the Association. The OTS finds that in December 2007, Palmer, in his capacity as director of the Association, participated in the approval of two (2) loans, each in excess of \$100,000.00, to an insider of the Association and the insider’s business partners. Further, the OTS finds that the Association’s Board of Directors failed to properly document the insider’s interest in the loan transactions in the Board Meeting Minutes.

5. Accordingly, Palmer engaged in violations of regulations including:
- a. 12 C.F.R. § 215.4(a)(1)(ii) (regarding the extension of credit to an insider of the bank);
  - b. 12 C.F.R. § 215.5(c)(4) (regarding the extension of credit to an executive officer); and
  - c. 12 C.F.R. § 563.170(c) (regarding the establishment and maintenance of records).

**Consent.**

6. Palmer consents to the issuance by the OTS of the accompanying Order of Assessment of a Civil Money Penalty (Order). Palmer further agrees to comply with the terms of the Order upon the Effective Date of the Order and stipulates that the Order complies with all requirements of law.

**Finality.**

7. This Order is issued by the OTS under the authority of 12 U.S.C. § 1818(i). Upon the Effective Date, it shall be a final order, effective and fully enforceable by the OTS under the provisions of 12 U.S.C. § 1818(i).

**Waivers.**

8. Palmer waives the following:
- (a) the right to an administrative hearing including, without limitation, any such right provided by 12 U.S.C. §§ 1818(h) or 1818(i);
  - (b) the right to seek judicial review of the Order, including, without limitation, any such right provided by 12 U.S.C. §§ 1818(h) or 1818(i), or otherwise to challenge the validity of the Order;

(c) any and all claims against the OTS, including its employees and agents, and any other governmental entity for the award of fees, costs, or expenses related to this OTS enforcement matter and/or the Order, whether arising under common law, federal statutes, or otherwise; and

(d) the right to assert this proceeding, this consent to the issuance of the Order, and/or the issuance of the Order, the payment of any monies, or the provision of any other financial relief as contemplated by the Order, as the basis for a claim of double jeopardy in any pending or future proceeding brought by the United States Department of Justice or any other governmental entity.

**OTS Authority Not Affected.**

9. Nothing in this Stipulation or accompanying Order shall inhibit, estop, bar or otherwise prevent the OTS from taking any other action affecting Palmer if at any time the OTS deems it appropriate to do so to fulfill the responsibilities placed upon the OTS by law. The OTS agrees not to institute further proceedings against Palmer for the specific acts, omissions, or violations in the Findings of Fact set forth in Paragraphs 4 and 5 above to the extent known to the OTS as of the Effective Date of the accompanying Order, unless such acts, omissions, or violations reoccur.

**Other Governmental Actions Not Affected.**

10. Palmer acknowledges and agrees that his consent to the issuance of the Order is solely for the purpose of resolving the matters addressed herein, consistent with Paragraph nine (9) above, and does not otherwise release, discharge, compromise, settle, dismiss, resolve, or in any way affect any actions, charges against, or liability of Palmer that arise pursuant to this action or otherwise, and that may be or have been brought by any governmental entity other than the OTS.

**Miscellaneous.**

11. The laws of the United States of America shall govern the construction and validity of this Stipulation and the Order.
12. If any provision of this Stipulation and/or the Order is ruled to be invalid, illegal, or unenforceable by the decision of any Court of competent jurisdiction, the validity, legality, and enforceability of the remaining provisions hereof shall not in any way be affected or impaired thereby, unless the Deputy Director in his or her sole discretion determines otherwise.
13. All references to the OTS in this Stipulation and the Order shall also mean any of the OTS's predecessors, successors, and assigns.
14. The section and paragraph headings in this Stipulation and the Order are for convenience only and shall not affect the interpretation of this Stipulation or the Order.
15. The terms of this Stipulation and the Order represent the final agreement of the parties with respect to the subject matters hereof and constitute the sole agreement of the parties with respect to such subject matters.

**WHEREFORE**, Palmer executes this Stipulation.

**CARL R. PALMER**

**OFFICE OF THRIFT SUPERVISION**

By: \_\_\_\_\_ /s/  
Carl R. Palmer

By: \_\_\_\_\_ /s/  
Thomas A. Barnes  
Deputy Director, Examinations, Supervision and  
Consumer Protection

Date: See Effective Date on page 1