

UNITED STATES OF AMERICA
DEPARTMENT OF THE TREASURY
OFFICE OF THE COMPTROLLER OF THE CURRENCY

In the Matter of:)	
)	
Cathy M. Torres)	AA-ENF-2022-42
Former Loan Officer)	
)	
Washington Federal Bank for Savings)	
Chicago, Illinois)	
)	

CONSENT ORDER

WHEREAS, the Office of the Comptroller of the Currency (“OCC”) intends to initiate prohibition and restitution proceedings against Cathy M. Torres (“Respondent”) pursuant to 12 U.S.C. § 1818(b) and (e) on the basis of Respondent’s activities while serving as a loan officer of Washington Federal Bank for Savings, Chicago, Illinois (“Bank”);

WHEREAS, in the interest of cooperation and to avoid the costs associated with future administrative and judicial proceedings with respect to the above matter, Respondent, without admitting or denying any wrongdoing, desires to consent to the issuance of this Consent Order (“Order”) issued pursuant to 12 U.S.C. § 1818(b) and (e);

NOW, THEREFORE, it is stipulated by and between the OCC, through the duly authorized representative of the Comptroller of the Currency (“Comptroller”), and Respondent that:

ARTICLE I

JURISDICTION

(1) The Bank was an “insured depository institution” as that term is defined in 12 U.S.C. § 1813(c)(2).

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(2) Respondent was an employee of the Bank and was an “institution-affiliated party” of the Bank as that term is defined in 12 U.S.C. § 1813(u), having served in such capacity within six (6) years from the date of this Order. *See* 12 U.S.C. § 1818(i)(3).

(3) The Bank was a Federal savings association within the meaning of 12 U.S.C. § 1813(q)(1)(C), and was chartered and examined by the OCC. *See* 12 U.S.C. §§ 1461 *et seq.*, 5412(b)(2)(B).

(4) The OCC is the “appropriate Federal banking agency” as that term is defined in 12 U.S.C. § 1813(q) and is therefore authorized to initiate and maintain this prohibition and restitution action against Respondent pursuant to 12 U.S.C. § 1818(b) and (e).

ARTICLE II

COMPTROLLER’S FINDINGS

The Comptroller finds, and Respondent neither admits nor denies, the following:

(1) During the period from 2006 to December 2017, Respondent served as a loan officer of the Bank.

(2) On December 15, 2017, the OCC determined that the Bank was insolvent and placed the Bank into receivership with the Federal Deposit Insurance Corporation (“FDIC”). The Bank’s insolvency was caused by a fraudulent scheme led by the former President of the Bank to embezzle funds from the Bank. Various Bank employees, including Respondent, furthered the embezzlement scheme.

(3) On August 27, 2020, the United States filed a second superseding indictment in *United States of America v. Robert M. Kowalski, et al.*, 1:19-cr-00226, in the United States District Court for the Northern District of Illinois, naming Respondent, and other former Bank employees and customers, as defendants. The indictment charged Respondent with one

conspiracy count in violation of 18 U.S.C. § 371 and two counts of creating false records in violation of 18 U.S.C. § 1005. A fourth superseding indictment, filed on December 7, 2021, charged Respondent with a second count of violating 18 U.S.C. § 371 in addition to the prior charges.

(4) On January 27, 2022, Respondent pled guilty to one count of violating 18 U.S.C. § 371 and admitted that for approximately twelve years, from 2006 to December 2017, she conspired to embezzle money from the Bank to provide to various Bank customers, concealed the embezzlement by falsifying the Bank's books and records, and provided those false books and records to the OCC and others.

(5) Respondent admitted in her plea agreement that she engaged in the following overt acts related to the conspiracy:

- (a) On October 18, 2011, Respondent altered appraisals on two properties securing mortgages made to an insider by inflating the property and comparables values.
- (b) In September 2012, at the request of an individual who served as Senior Vice President and Director of the Bank, Respondent backdated Office of Foreign Asset Control ("OFAC") inquiries to make it appear the queries were conducted prior to the subject transactions.
- (c) In June 2013, during an OCC examination, Respondent participated in the alteration of appraisals to make it appear the properties provided sufficient collateral for purported loans to Bank customers when they did not.

- (d) In June 2013, Respondent caused a consultant report to be provided to the OCC knowing the consultant had been provided with an altered document containing false OFAC query information.
- (e) In October 2017, Respondent participated in the creation of a fictitious loan trial balance provided to OCC examiners. The fictitious trial loan balance omitted 29 fraudulent loans and replaced them with false information regarding borrowers, loan balances, and payment histories.

(6) By reason of the foregoing conduct, Respondent engaged in violations of law and unsafe or unsound practices. These violations and practices caused loss to the Bank and prejudiced the interests of the Bank’s depositors. Respondent’s misconduct demonstrated personal dishonesty, willful or continuing disregard for the safety and soundness of Bank, and a reckless disregard for the law.

ARTICLE III

ORDER OF PROHIBITION

Respondent consents to, and it is ORDERED that:

(1) With respect to the institutions and agencies set forth in paragraph (2) of this Article, Respondent hereby agrees that she shall not:

- (a) participate in any manner in the conduct of their affairs;
- (b) solicit, procure, transfer, attempt to transfer, vote, or attempt to vote any proxy, consent, or authorization with respect to any voting rights;
- (c) violate any voting agreement previously approved by the “appropriate Federal banking agency,” as defined in 12 U.S.C. § 1813(q); or

(d) vote for a director, or serve or act as an “institution-affiliated party,” as defined in 12 U.S.C. § 1813(u).

(2) The prohibitions in paragraph (1) of this Article apply to the following institutions and agencies:

- (a) any insured depository institution, as defined in 12 U.S.C. § 1813(c);
- (b) any institution treated as an insured bank under 12 U.S.C. § 1818(b)(3), (b)(4) or (b)(5);
- (c) any insured credit union under the Federal Credit Union Act;
- (d) any institution chartered under the Farm Credit Act of 1971;
- (e) any appropriate Federal depository institution regulatory agency; and
- (f) the Federal Housing Finance Agency and any Federal Home Loan Bank.

(3) The prohibitions of paragraphs (1) and (2) of this Article shall cease to apply with respect to a particular institution if Respondent obtains the prior written consent of both the OCC and the institution’s “appropriate Federal financial institutions regulatory agency,” as defined in 12 U.S.C. § 1818(e)(7)(D).

(4) This Order shall be enforceable to the same extent and in the same manner as an effective and outstanding order that has been issued and has become final pursuant to 12 U.S.C. § 1818.

ARTICLE IV

ORDER TO CEASE AND DESIST REQUIRING PAYMENT OF RESTITUTION

Respondent consents to, and it is ORDERED that:

(1) Respondent shall pay restitution to the parties and in the amount and manner as sentenced by the United States District Court for the Northern District of Illinois in *United States of America v. Robert M. Kowalski, et al.*, 1:19-cr-00226.

(2) Respondent or her designated representative shall deliver a copy of proof of each restitution payment made pursuant to her sentencing order to the Director of Enforcement at the address below within seven (7) days of making any such payment. The docket number of this case (AA-ENF-2022-42) shall be included with all correspondence.

Director of Enforcement,
Office of the Comptroller of the Currency
400 7th Street, S.W.
Washington, D.C. 20219

(3) This Order shall be enforceable to the same extent and in the same manner as an effective and outstanding order that has been issued and become final pursuant to 12 U.S.C. § 1818.

ARTICLE V

CLOSING

- (1) By executing this Order, Respondent waives:
- (a) the right to a Notice of Intention to Prohibit Further Participation and Notice of Charges for Issuance of an Order to Cease and Desist Requiring Payment of Restitution under 12 U.S.C. § 1818(b), (e);
 - (b) all rights to a hearing and a final agency decision pursuant to 12 U.S.C. § 1818 (b), (e) and 12 C.F.R. Part 109;
 - (c) all rights to seek judicial review of this Order;
 - (d) all rights in any way to contest the validity of this Order; and

(e) any and all claims for fees, costs, or expenses against the United States, the OCC, or any officer, employee, or agent of the OCC, related in any way to this enforcement matter or this Order, whether arising under common law or under the terms of any statute, including, but not limited to, the Equal Access to Justice Act, 5 U.S.C. § 504 and 28 U.S.C. § 2412.

(2) Respondent acknowledges that she has read and understands the premises and obligations of this Order and declares that no separate promise or inducement of any kind has been made by the OCC or any officer, employee, or agent of the OCC to cause or induce Respondent to agree to consent to the issuance of this Order and/or to execute this Order.

(3) This Order constitutes a settlement of any proceedings arising out of the facts, omissions, or violations described in the Comptroller's Findings (Article II of this Order). The OCC agrees not to institute the proceedings referenced in the first whereas clause of this Order for the specific acts, omissions, or violations described in Article II of this Order unless such acts, omissions, or violations reoccur. However, the specific acts, omissions, or violations described in Article II may be used by the OCC in future enforcement actions to establish a pattern of misconduct or the continuation of a pattern of misconduct.

(4) This Order shall not be construed as an adjudication on the merits and, except as set forth in paragraph (3) above, shall not inhibit, estop, bar, or otherwise prevent the OCC from taking any action affecting Respondent if, at any time, the OCC deems it appropriate to do so to fulfill the responsibilities placed upon the OCC by the several laws of the United States.

(5) Nothing in this Order shall preclude any proceedings brought by the OCC to enforce the terms of this Order, and nothing in this Order constitutes, nor shall Respondent contend that it constitutes, a waiver of any right, power, or authority of any other representatives

of the United States or agencies thereof, including the Department of Justice, to bring other actions deemed appropriate.

(6) This Order is intended to be, and shall be construed to be, a final order issued pursuant to 12 U.S.C. § 1818, and expressly does not form, and may not be construed to form, a contract binding on the United States, the OCC, or any officer, employee, or agent of the OCC. Respondent expressly acknowledges that no officer, employee, or agent of the OCC has statutory or other authority to bind the United States, the United States Treasury Department, the OCC, or any other federal bank regulatory agency or entity, or any officer, employee, or agent of those entities, to a contract affecting the OCC's exercise of its supervisory responsibilities.

(7) This Order is "issued with the consent of . . . the institution-affiliated party concerned," pursuant to 12 U.S.C. § 1818(h)(2).

(8) The terms of this Order, including this paragraph, are not subject to amendment or modification by any extraneous expression, prior agreements, or prior arrangements between the parties, whether oral or written.

(9) The provisions of this Order are effective upon issuance by the OCC, through the Comptroller's duly authorized representative, whose hand appears below, and shall remain effective and enforceable, except to the extent that, and until such time as, any provisions of this Order shall have been amended, suspended, waived, or terminated in writing by the OCC, through the Comptroller's duly authorized representative.

IN TESTIMONY WHEREOF, the undersigned has hereunto set her hand.

/s/

9/8/22

Cathy M. Torres

Date

IT IS SO ORDERED.

//s// Digitally Signed, Dated: 2022.09.12

Michael R. Brickman
Deputy Comptroller for Specialty Supervision