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UNITED STATES OF AMERICA
Before The
OFFICE OF THRIFT SUPERVISION
DEPARTMENT OF THE TREASURY

In the Matter of)

JAMES W. PETERS)
Former President and Vice)
President of)
Skokie Federal Savings and)
Loan, Skokie, Illinois,)
a former federal savings)
and loan currently in)
receivership)

Re: CHI-93-19

Dated: December 30, 1993

STIPULATION AND CONSENT TO
ISSUANCE OF ORDER OF PROHIBITION

James W. Peters, ("Peters") former President of Skokie Federal Savings and Loan, Skokie, Illinois ("Skokie"), a former federal savings and loan put into receivership on March 15, 1989, hereby submits this Stipulation and Consent to Issuance of Order of Prohibition ("Consent") to the Office of Thrift Supervision of the United States Department of the Treasury ("OTS") for the purposes of settlement in consideration of OTS's forbearance from initiating administrative proceedings on the matters covered in the accompanying Order of Prohibition ("Order").

OTS, on the basis of current information, is of the opinion, as set forth in the Order, that grounds exist to initiate an administrative prohibition proceeding against Peters pursuant to Section 8(e) of the Federal Deposit Insurance Act ("FDIA"), as amended, by the Financial Institutions Reform,

Act ("FDIA"), as amended, by the Financial Institutions Reform, Recovery, and Enforcement Act of 1989, Pub. L. No. 101-73, 103 Sta. 183 ("FIRREA") (12 U.S.C. § 1818(e) (1988 & Supp III 1991)). Without admitting or denying that such grounds exist, except those allegations set forth in paragraphs 2 and 4 below, which are admitted, Peters consents to the entry of the attached Order.

The OTS by and through its Central Regional Director and Peters hereby stipulate and agree as follows:

1. Skokie was a "savings association" within the meaning of Section 3 of the FDIA and Section 2 of the Home Owners' Loan Act of 1933, as amended by FIRREA. 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).

2. Peters admits that he is an "institution-affiliated party" of Skokie as that term is defined in Section 3(u) of the FDIA, as amended by FIRREA, 12 U.S.C. § 1813(u) (1988 & Supp. III 1991)).

3. Pursuant to Section 3 of the FDIA as amended by FIRREA, the OTS is the "appropriate Federal banking agency" to maintain enforcement proceedings against such a savings association or its institution-affiliated parties. Therefore, Peters is

subject to the authority of the OTS to initiate and maintain a prohibition proceeding against him pursuant to Section 8(e) of the FDIA, as amended by FIRREA, 12 U.S.C. § 1818(e).

4. Peters admits the jurisdiction of the OTS over him and over the subject matter of this action pursuant to Section 8(e) of the FDIA, as amended by FIRREA (12 U.S.C. § 1818(e) (1988 & Supp. III 1991)).)

5. Peters consents to the issuance of the accompanying Order, agrees to comply with its terms upon issuance, and stipulates that the Order complies with all the requirements of law.

6. The Order is issued under Section 8(e) of the FDIA, as amended by FIRREA, 12 U.S.C. § 1818(e). Upon its issuance, 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).

7. Peters, while neither admitting nor denying he has violated any laws or regulations or engaged in any unsafe or unsound practices, and wishing to settle this matter with the OTS, acknowledges and states that he enters into this Consent willingly and without coercion or promises of any kind from OTS or any officer, attorney, agent or employee thereof.

8. Peters hereby waives his rights to a hearing, all post-hearing proceedings, and the entry of findings of fact and conclusions of law under the Administrative Procedure Act (5 U.S.C. §§ 554-557); Sections 8(h) of the FDIA, as amended by FIRREA (12 U.S.C. § 1818(h) (1988 & Supp. III 1991)); and OTS Rules of Practice and Procedure in Adjudicatory Proceedings (12 C.F.R. § 509, et seq. (1992); or any other applicable provision of law.

9. Peters hereby waives his right to appeal the Order pursuant to Section 8(h) of the FDIA, as amended by FIRREA (12 U.S.C. § 1818(h) (1988 & Supp. III 1991)), or any other applicable provision of law.

10. Peters agrees that this Consent and the Order do not compromise, settle, dismiss, resolve, or in any way affect any other civil actions, or charges against, or liability of Peters that arise pursuant to this action or otherwise, and that may be or have been brought by the Federal Deposit Insurance Corporation, the Resolution Trust Corporation or any other governmental entity other than the OTS. This action resolves, as to Peters, enforcement matters involving the OTS arising in connection with OTS's formal investigation of Skokie, Resolution No. 91-282, dated May 10, 1991.

WHEREFORE, in consideration of the foregoing and intending to be legally bound thereby, James Peters executes this Stipulation and Consent to Issuance of Order of Prohibition.

Dated: 6/29/93

By: /S/
James W. Peters

NOTARIZATION

STATE OF)
COUNTY OF COOK) ss.

James W. Peters, being known to me, did subscribe to the foregoing in my presence, this 24th day of June 1993.

Sally Ramirez (SEAL)
Notary Public

My commission expires: _____



UNITED STATES OF AMERICA
Before The
OFFICE OF THRIFT SUPERVISION
DEPARTMENT OF THE TREASURY

In the Matter of

JAMES W. PETERS
Former President and Vice
President of
Skokie Federal Savings and
Loan, Skokie, Illinois,
a former federal savings
and loan currently in
receivership

Re: CHI-93-19

Dated: December 30, 1993

ORDER OF PROHIBITION

WHEREAS, the Regional director of the Office of Thrift Supervision ("OTS") is of the opinion that James W. Peters ("Peters") former President and Vice President of Skokie Federal Savings and Loan, Skokie, Illinois ("Skokie"), a former federal savings and loan which was put into receivership on March 15, 1989, has engaged in the following conduct:

A. In March 1986, Skokie foreclosed on Baneway Business Center ("Baneway"), a mini-warehouse located in Houston, Texas. Less than one month after foreclosure, Peters and another Skokie officer began negotiating to sell this real estate owned ("REO") to the same borrower, through another one of the borrower's companies. Despite the borrower's default on his prior loan, Skokie offered the borrower a nonrecourse loan at prime with interest payments based on the net operating income of the

interest payments based on the net operating income of the property. Skokie also allowed the borrower to make a ten percent downpayment on the principal of the loan using a letter of credit. At the October 1986 Skokie board of directors meeting, Peters voted to approve this loan.

B. In November 1986, Skokie foreclosed on 156 acres of vacant land in Allen, Texas which was the collateral for a \$14.1 million loan funded by Skokie.¹ Immediately after the foreclosure, Skokie began searching for a buyer for the Allen, Texas REO. Skokie sold the REO to Sherwood Blount ("Blount"), who already owned 48 acres adjacent to the Skokie land. To avoid a loan-to-one-borrower problem, the lender funding Blount's \$41 million loan to purchase the REO required Skokie to agree to a participation interest of \$14.6 million. Although improvements had been made to the Allen, Texas land prior to Skokie's foreclosure, Skokie's purchase of a \$14.6 million participation interest increased Skokie's exposure by \$.5 million and diluted its collateral from a 100 percent interest in 156 acres to a 34.77 percent interest in 204 acres of land. Peters participated in the structuring of the sale of the Allen, Texas REO to Blount and presented the plan to sell the REO to Blount at the Skokie board of directors meeting. At the November 1986 Skokie Board of Directors meeting, Peters voted to approve the sale of REO to Blount and Skokie's purchase of a

1. This loan was wrapped by a \$40 million loan by Bell Savings of Belton, Texas.

\$14.6 million participation in the \$41,985,000 million loan funded by People's Heritage of Salinas, Kansas.

As a result of defaults by the borrowers in the Baneway and Allen, Texas REO transactions, structured and approved by Peters, Skokie suffered substantial losses.

WHEREAS, the OTS is of the opinion that, as a result of the aforementioned actions, Peters has engaged in unsafe or unsound practices and that in connection with such practices caused losses to Skokie and/or such practices involved a willful or continuing disregard for the safety and soundness of Skokie;

WHEREAS, Peters has executed a Stipulation and Consent to Issuance of Order of Prohibition ("Consent"), which is accepted and approved by the OTS acting through its Regional Director;

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

NOW THEREFORE, IT IS ORDERED that:

1. Without the prior written approval of the OTS (and, if appropriate, another federal financial institutions regulatory agency), Peters will not hold any office in, or participate in any manner in the conduct of the affairs of, any institution or other entity within the scope of Section 8(e)(7)(A) of the FDIA, as amended by FIRREA, 12 U.S.C. § 1818(e)(7)(A). Pursuant to Section 8(e)(6) of the FDIA, as amended by FIRREA, 12 U.S.C. § 1818(e)(6), conduct covered by this Order includes, inter alia, the solicitation, transfer, or exercise of any voting rights with respect to any securities issued by an insured depository institution.

2. For purposes of this Order, the phrase "participating in the conduct of the affairs" of a financial institution shall not be deemed to preclude Peters from being a customer of a financial institution or from performing services for financial institutions as an independent contractor, joint venturer, or consultant; provided, however, that such services may not be performed in a manner that would make Peters an "institution-affiliated party" as that term is defined at Section 3(u) of the FDIA, as amended by FIRREA, 12 U.S.C. § 1813(u).

3. The Consent is made a part hereof and is incorporated herein by this reference.

4. This Order is subject to the provisions of Section 8(j)

of the FDIA, as amended by FIRREA, 12 U.S.C. § 1818(j), and shall become effective on the date it is issued.

IT IS FURTHER ORDERED that 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 meaning as defined in the Code of Federal Regulations, Title 12, Chapter V, or as defined in FIRREA, FDIA, or the Home Owners' Loan Act ("HOLA"), and any such words or terms undefined in the foregoing shall have meanings that accord with the best customs and usage in the thrift industry.

THE OFFICE OF THRIFT SUPERVISION

By: /S/
Ronald N. Karr
Regional Director, Central Region