

UNITED STATES OF AMERICA
Before The
OFFICE OF THRIFT SUPERVISION

In the Matter of)
)
Lake Federal Savings)
and Loan Association of Hammond)
Hammond, Indiana)
)

Re: Resolution No. IND 91-11

Dated: June 21, 1991

STIPULATION AND CONSENT TO ISSUANCE OF
ORDER OF CIVIL MONEY PENALTY ASSESSMENT

The Office of Thrift Supervision ("OTS"), by and through the Deputy Regional Director for the Central Region, and Lake Federal Savings and Loan Association of Hammond, Hammond, Indiana ("Association"), 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 civil money penalty assessment proceeding against Association pursuant to 12 U.S.C. Section 1818(i)(2). Association desires to cooperate with OTS and to avoid the time and expense of such administrative litigation 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 civil money penalty assessment proceeding against Association with respect to the following matters:

- (a) Lack of a prudent management planning process;
- (b) An unsafe and unsound investment in Federal Home Loan Mortgage Corporation stock;
- (c) An unsafe and unsound investment in mortgage-backed securities;
- (d) An unsafe and unsound commercial non-mortgage lending program;

- (e) An unresolved loans to one borrower violation; and
- (f) Lack of an internal audit function.

The forbearance by the OTS from initiating administrative civil money penalty assessment proceedings against the Association with respect to the above matters only extends to conduct taking place prior to January 22, 1991, the date of the Association's receipt of the signed Order to Cease and Desist entered into with the OTS.

2. Jurisdiction.

(a) Association is a "savings association" within the meaning of Section 3 of the Federal Deposit Insurance Act ("FDIA") and Section 2 of the Home Owners' Loan Act of 1933, as amended by the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 ("FIRREA"), Pub. L. No. 101-73, 103 Stat. 183. Accordingly, it is an "insured depository institution" as that term is defined in Section 3(c) of the FDIA, as amended by FIRREA (to be codified at 12 U.S.C. Section 1813(c)).

(b) Pursuant to Section 3 of the FDIA, as amended by FIRREA, OTS is the "appropriate Federal banking agency" to maintain civil money penalty assessment proceedings against such a savings association. Therefore, Association is subject to the authority of OTS to initiate and maintain the assessment of a civil money penalty pursuant to 12 U.S.C. Section 1818(i)(2).

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

4. Finality. The Order is issued under 12 U.S.C. Section 1818(i)(2). Upon its issuance by the Deputy Regional Director for the Central Region of OTS, it shall be a final order, effective and fully enforceable by OTS under the provisions of Section 8(i) of the FDIA, as amended by FIRREA (to be codified at 12 U.S.C. Section 1818(i)).

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WHEREAS, Lake Federal Savings and Loan Association of Hammond, Hammond, Indiana ("Association"), has executed a Stipulation and Consent to Issuance of Order of Civil Money Penalty Assessment, which is incorporated herein by reference ("Stipulation") and is accepted and approved by the Office of Thrift Supervision ("OTS") acting through the Deputy Regional Director for the Central Region; and

WHEREAS, Association, in the Stipulation, has consented to the issuance of this Order of Civil Money Penalty Assessment pursuant to 12 U.S.C. Section 1818(i)(2).

NOW, THEREFORE, IT IS ORDERED that within five (5) days of the effective date of this Order, Association shall pay to OTS a sum of Five Thousand Dollars (\$5,000.00), by tendering a check to OTS in that amount made payable to the Treasurer of the United States.

OFFICE OF THRIFT SUPERVISION

BY:

/S/

Jill A. Drake
Deputy Regional Director
Central Region