

UNITED STATES OF AMERICA
Before The
OFFICE OF THRIFT SUPERVISION

In the Matter of:

Maureen Navarro

Former President of

UNIVERSAL FEDERAL SAVINGS BANK

Chicago, Illinois

OTS No. 03327

OTS Order No.: ATL-2004-18

Dated: June 23, 2004

ORDER TO CEASE AND DESIST FOR AFFIRMATIVE RELIEF

WHEREAS, the Office of Thrift Supervision (“OTS”), is of the opinion that grounds exist to initiate cease and desist proceedings against Maureen Navarro (“Navarro”), former President of Universal Federal Savings Bank, Chicago, Illinois (“Universal” or the “Institution”), placed in receivership June 27, 2002; and

WHEREAS, Maureen Navarro (“Navarro”) has executed a Stipulation and Consent to Issuance of an Order to Cease and Desist for Affirmative Relief (“Stipulation”); and

WHEREAS, Navarro, by her execution of the Stipulation, has consented and agreed to the issuance of this Order to Cease and Desist for Affirmative Relief (“Order”) by the Office of Thrift Supervision (“OTS”), pursuant to 12 U.S.C. § 1818(b).

WHEREAS, the Director of the Office of Thrift Supervision has delegated to the Regional Directors of the OTS the authority to issue an Order to Cease and Desist for Affirmative Relief on behalf of the OTS where the institution-affiliated party (as defined in 12 U.S.C. § 1813(u)) who is the subject of the Order has consented to the issuance of the Order.

NOW, THEREFORE, IT IS ORDERED, pursuant to 12 U.S.C. § 1818(b) that:

1. Except as provided in Paragraph 2 below, Navarro shall not (alone or with another or others):

(a) Engage, participate in, counsel, or aid or abet any unsafe or unsound practice, or breach any fiduciary duty, with respect to the operation or supervision of any banking institution; or

(b) Serve as an officer, director, supervisor, or manager of any banking institution.

2. Nothing in this Order shall prevent Navarro from serving as a consultant or a non-supervisory or non-management employee of a banking institution. In connection with any position sought or obtained by Navarro in accordance with Paragraph 2 of this Order:

(a) If Navarro should become an employee of any banking institution, Navarro shall not accept or occupy any position in which she is not closely supervised by at least one management-level employee permanently assigned to the same premises or location as Navarro's premises or location of employment;

(b) In connection with any position sought or obtained by Navarro in accordance with Paragraph 2 of this Order, Navarro, at the earliest practicable opportunity, and in any event at least thirty (30) days before accepting the new employment at any banking institution, shall provide written notice of such intended employment change to: (i) the Regional Director of the OTS's Southeast Regional Office at 1475 Peachtree Street, N.E., Atlanta Georgia 30309 and (ii) the Regional Director of the Federal Deposit Insurance Corporation in the region that has jurisdiction over the banking institution. Navarro shall include in her written notice the following information: (i) the name and mailing address of the banking institution that intends to hire her; (ii) her intended title and position description at the hiring entity (including the name of the department, office or branch where her work will be conducted); (iii) the name, address, and telephone number of the person who is the supervisor at the banking institution's department, office, or branch; and (iv) a reference to this Order.

(c) In connection with any position sought or obtained by Navarro in accordance with Paragraph 2 of this Order, Navarro shall provide a copy of this Order and the accompanying Stipulation to such banking institution prior to accepting such appointment or position.

3. Navarro shall not acquire, directly or indirectly, ownership or control of more than five percent (5%) of the outstanding voting stock of any insured depository institution, depository institution holding company, or subsidiary of an insured depository institution or depository institution holding company. Any acquisition by Navarro of more than five percent (5%) of the outstanding voting stock of any insured depository institution, depository institution holding company, or subsidiary of an insured depository institution or depository institution holding company through gift or inheritance shall be treated and handled in accordance with the requirements of 12 C.F.R. § 574.3(d). Any acquisition of such stock by the spouse or other family member of Navarro shall also be treated and handled in accordance with the requirements of 12 C.F.R. § 574.3(d).

4. Definitions. Terms used in this Order shall have the meanings set forth below:

(a) "Banking institution" means any "insured depository institution," any "insured credit union," any "depository institution holding company," or any direct or indirect "subsidiary" of any insured depository institution or depository institution holding company, whether wholly or partly owned.

(b) "Depository institution holding company" shall have the meaning set forth 12 U.S.C. § 1813(w)(1).

(c) "Director" shall have the meaning set forth 12 C.F.R. § 561.18(a).

(d) "FDIA" shall mean the Federal Deposit Insurance Act, 12 U.S.C. § 1811 *et seq.*

(e) "HOLA" shall mean the Home Owners' Loan Act, 12 U.S.C. § 1461 *et seq.*

(f) "Insured credit union" shall have the meaning set forth 12 U.S.C. §

1752(7).

(g) "Insured depository institution" shall have the meaning set forth in 12 U.S.C. § 1813(c)(2) and (3);

(h) "Officer" shall have the meaning set forth 12 C.F.R. § 561.35;

(i) "Subsidiary" shall have the meaning set forth 12 U.S.C. § 1813(w)(4);

(j) All other technical words or terms used in this Stipulation or in the Order, for which meanings are not specified or otherwise provided by the provisions of the Stipulation or the Order shall, insofar as applicable, have the meanings assigned them by Title 12 of the Code of Federal Regulations, the HOLA, or the FDIA. Any such technical words or terms used in the Stipulation or in the Order that are not defined in the Code of Regulations, HOLA, or FDIA shall have meanings that are in accordance with the best custom and usage in the savings and loan industry.

5. The Stipulation is made a part hereof and is incorporated herein by this reference.

6. Nothing in this Order shall be deemed to prejudice Navarro's rights under the Deferred Compensation Plan she has or claims against the Federal Deposit Insurance Corporation for her previous employment with Universal, nor the FDIC's defenses in any such claim.

7. This Order shall become effective on the date it is issued, as shown in the caption hereof. The Stipulation and Order shall remain in effect until terminated, modified, or suspended, which may occur only by formal written action of the OTS, acting by and through its Director, Regional Director, or other authorized representative.

8. Navarro shall promptly respond to any request from the OTS for documents that the OTS reasonably requests to demonstrate compliance with this Order.

9. The terms and provisions of this Order shall be binding upon, and inure to the benefit of the parties hereto and their successors in interest.

THE OFFICE OF THRIFT SUPERVISION

By:

A handwritten signature in black ink, appearing to read "John E. Ryan", is written over a horizontal line.

John E. Ryan
Southeast Regional Director

UNITED STATES OF AMERICA
Before The
OFFICE OF THRIFT SUPERVISION

In the Matter of:)

Maureen Navarro)

Former President of)

Universal Federal Savings Bank,)
Chicago, Illinois)
OTS No. 03327)

OTS Order No.: ATL-2004-18

Dated: June 23, 2004

STIPULATION AND CONSENT TO ISSUANCE OF
AN ORDER TO CEASE AND DESIST FOR AFFIRMATIVE RELIEF

WHEREAS, the Office of Thrift Supervision ("OTS"), based upon information derived from the exercise of its regulatory responsibilities, has informed Maureen Navarro ("Navarro"), former President of Universal Federal Savings Bank, Chicago, Illinois ("Universal" or the "Institution"), placed in receivership June 27, 2002, that the OTS is of the opinion that grounds exist to initiate cease and desist proceedings against Navarro pursuant to 12 U.S.C. § 1818(b),¹ and

WHEREAS, Navarro desires to cooperate with the OTS to avoid the time and expense of such administrative litigation and, without admitting or denying that such grounds exist (but admitting the statements and conclusions in Paragraph 1 below), and pursuant to Rule 408 of the Federal Rules of Evidence, hereby stipulates and agrees to the following terms:

1. Jurisdiction.

(a) Universal, at all times relevant hereto, was a "savings association" within the meaning of 12 U.S.C. § 1813(b) and 12 U.S.C. § 1462(4). Accordingly, Universal was an

¹ All references in this Stipulation and Consent to Issuance of an Order of Prohibition ("Stipulation") are to the United States Code as amended.

"insured depository institution" as that term is defined in 12 U.S.C. § 1813(c).

(b) Navarro, as a former President of Universal, is an "institution-affiliated party" as that term is defined in 12 U.S.C. § 1813(u).

(c) Pursuant to 12 U.S.C. § 1813(q), the OTS is the "appropriate Federal banking agency" with jurisdiction to maintain an enforcement proceeding against a savings association's institution-affiliated parties. Therefore, Navarro is subject to the authority of the OTS to initiate and maintain administrative proceedings against her pursuant to 12 U.S.C. § 1818(b).

2. OTS Findings of Fact.

The OTS finds that:

(a) From in or about January through June 27, 2002, Navarro was aware that a customer of Universal made deposits in Universal's clearing account with another financial institution on a regular basis. Navarro was never asked for and never gave permission for this practice to occur. Upon review of the January bank statements in late February 2002, Navarro became aware that the customer received immediate credit for such deposits in an account at Universal based upon the customer's telephonic report of such deposits to an officer of Universal. Navarro was aware that the practices of depositing funds in Universal's clearing account and of granting immediate credit for such deposits were irregular. Navarro was also aware that these practices were questioned both by officials of Universal's correspondent financial institution and by Universal's own auditor in March 2002. Notwithstanding her knowledge, Navarro: (i) failed to notify Universal's board of directors of these irregular practices; (ii) failed to ensure that the practices ceased; (iii) failed to ensure that the clearing account was properly reconciled, and (iv) failed to ensure that Universal maintained appropriate procedures to protect against check-kiting in connection with the clearing account.

(b) Through her actions and omissions in conducting the business of Universal, Navarro engaged in unsafe or unsound practices, violated laws, rules, or regulations, and breached her fiduciary duties to Universal.

3. Consent.

Navarro consents to the issuance by the OTS of the accompanying Order to Cease and Desist for Affirmative Relief ("Order"). Navarro further agrees to comply with the terms of the Order upon issuance and stipulates that the Order complies with all requirements of law.

4. Finality.

The Order is issued by the OTS under the authority of 12 U.S.C. § 1818(b). Upon issuance by the Regional Director or designee for the Southeast Region, OTS, the Order shall be final, effective and fully enforceable by the OTS under the provisions of 12 U.S.C. § 1818(i).

5. Waivers.

Navarro waives the following:

- (a) The right to be served with a written notice of the OTS's charges against her;
- (b) The right to an administrative hearing of the OTS's charges against her;
- (c) The right to seek judicial review of the Order, including, without limitation, any such right provided by 12 U.S.C. § 1818(h), or otherwise, to challenge the validity of the Order; and
- (d) Any and all claims against the OTS, including its employees and agents, or any other governmental entity for the award of fees, costs, or expenses related to this OTS enforcement matter or the Order, whether arising under common law, the Equal Access to Justice Act, 5 U.S.C. § 504, or 28 U.S.C. § 2412.

6. Indemnification.

Navarro shall neither cause nor permit any successor institution to Universal (or any holding company, subsidiary, or service corporation thereof) to incur, directly or indirectly, any expense for any legal or other professional expenses incurred relative to the negotiation and issuance of the Order. Nor shall Navarro obtain any indemnification (or other reimbursement) from any successor institution of the Institution (or any holding company, subsidiary, or service corporation thereof) with respect to any amounts paid for restitution or reimbursement. Any such payments received by or on behalf of Navarro in connection with this action shall be

returned to the successor institution of Universal (or the holding company, subsidiary, or service corporation thereof).

7. Other Government Actions Not Affected.

(a) Navarro acknowledges and agrees that her consent to the issuance of the Order is for the purpose of resolving this cease-and-desist action only, and does not release, discharge, compromise, settle, dismiss, resolve, or affect any actions, charges against, or liability of Navarro that arise pursuant to this action or otherwise, and that may be or have been brought by any other government entity other than the OTS.

(b) By signing this Stipulation, Navarro agrees that she will not assert this proceeding, her consent to the issuance of the Order, and/or the issuance of 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 Federal or state governmental entity.

(c) Nothing in this Stipulation and Consent to Issuance of Order to Cease and Desist shall be deemed to prejudice Navarro's rights under the Deferred Compensation Plan she has or claims against the Federal Deposit Insurance Corporation for her previous employment with Universal, nor the FDIC's defenses in any such claim.

8. Agreement for Continuing Cooperation

Navarro agrees that, at the OTS's written request, without service of a subpoena, she will provide discovery and will testify truthfully at any judicial or administrative proceeding related to any investigation, litigation, or other proceeding maintained by OTS relating to Universal or its institution-affiliated parties, except that Navarro does not waive any privilege against self-incrimination under the Fifth Amendment of the United States Constitution. If Navarro invokes her privilege against self-incrimination under the Fifth Amendment of the United States Constitution and the OTS obtains a grant of immunity pursuant to 18 U.S.C. § 6001 *et seq.*, Navarro agrees, consistent with any such grant of immunity, to provide discovery and to testify truthfully at any judicial, administrative, or investigative proceeding for which immunity is given.

9. Miscellaneous

(a) The construction and validity of this Stipulation and the Order shall be governed by the laws of the United States of America;

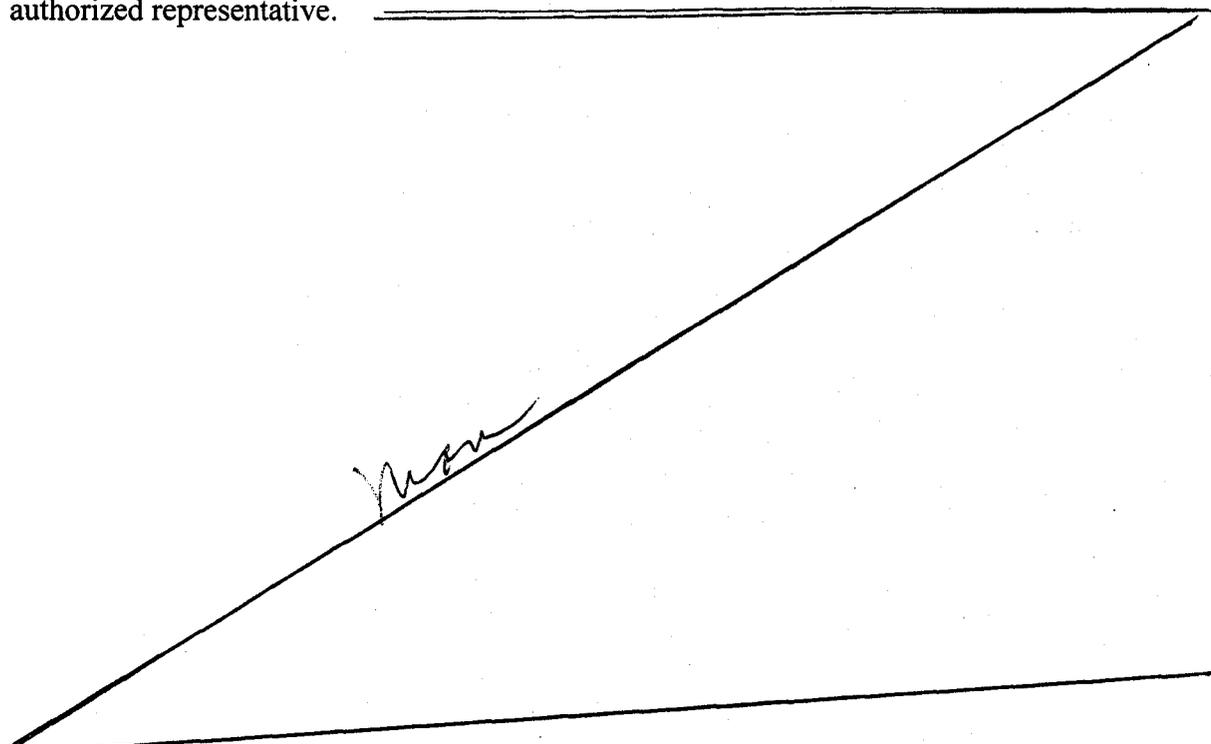
(b) All references to the OTS in this Stipulation and the Order shall also mean any of the OTS' predecessors, successors, and assigns;

(c) The section and paragraph headings in this Stipulation and the Order are for convenience only, and such headings shall not affect the interpretation of this Stipulation or the Order;

(d) The terms of this Stipulation and the Order represent the final written 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; and

(e) This Stipulation and Order shall remain in effect until terminated, modified, or suspended in writing by the OTS, acting through its Director, Regional Director, or other authorized representative. _____

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WHEREFORE, Navarro executes this Stipulation and Consent to Issuance of an Order to Cease and Desist for Affirmative Relief, intending to be legally bound hereby.

By:

Accepted by:
Office of Thrift Supervision

Maureen Navarro
Maureen Navarro

John E. Ryan
John E. Ryan
Southeast Regional Director

Dated: 6-3-04

Dated: June 23, 2004

ACKNOWLEDGMENT

State of Illinois

County of DeWitt

On this 3rd day of JUNE, 2004, before me, the undersigned notary public, personally appeared Maureen Navarro and acknowledged her execution of the foregoing Stipulation and Consent to Issuance of an Order to Cease and Desist for Affirmative Relief.

John P. DeRose
Notary Public

My Commission expires: 4/6/06

