

UNITED STATES OF AMERICA
Before The
OFFICE OF THRIFT SUPERVISION

_____)	
In the Matter of)	Order No.: ATL-2004-20
)	
Home Federal Savings Bank)	Date: July 16, 2004
Detroit, Michigan)	
)	
OTS Docket No.: 05171)	
_____)	

**STIPULATION AND CONSENT TO THE 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, is of the opinion that grounds exist to initiate an administrative cease and desist proceeding against Home Federal Savings Bank, Detroit, Michigan, OTS Docket No. 05171 (Home Federal or Bank) pursuant to 12 U.S.C. § 1818(b),¹ and

WHEREAS, Home Federal desires to cooperate with the OTS and to avoid the time and expense of such administrative proceeding, and

WHEREAS, Home Federal enters into this Stipulation and Consent without any adjudication on the merits, without admitting or denying that such grounds exist to initiate an administrative cease and desist proceeding, without admitting or denying the Findings of Fact, except as to Jurisdiction (paragraph 1 below), which jurisdiction is

¹ All references to the United States Code (U.S.C.) are as amended, unless otherwise indicated.

admitted, and solely for the purpose of settling this matter in accordance with Rule 408 of the Federal Rules of Evidence and equivalent state provisions,

NOW, THEREFORE, on these premises, Home Federal hereby stipulates and agrees as follows:

1. Jurisdiction.

(a) Home Federal is a "savings association" within the meaning of 12 U.S.C. § 1813(b), and 12 U.S.C. § 1462(4). Accordingly, it is an "insured depository institution" as that term is defined in 12 U.S.C. § 1813(c).

(b) Pursuant to 12 U.S.C. § 1813(q), the Director of the OTS is the "appropriate Federal Banking agency" to maintain an administrative cease and desist proceeding against such a savings association. Therefore, Home Federal is subject to the jurisdiction of the OTS to initiate and maintain a cease and desist proceeding against it pursuant to 12 U.S.C. § 1818(b). The Director of the OTS has delegated to the Regional Director of the Southeast Region of the OTS or his/her designee (Regional Director) the authority to issue cease and desist orders where the institution has consented to the issuance of the orders.

2. OTS Findings of Fact.

(a) The OTS finds that Home Federal, in cooperation with OTS, made substantial improvements in its Bank Secrecy Act (BSA) compliance systems following the issuance of the OTS August 4, 2003 Report of Examination, which cited material violations and deficiencies in BSA compliance systems and procedures.

(b) However, during the most recent examination of Home Federal by the OTS, additional BSA violations were cited.

As a consequence, Home Federal violated 31 C.F.R. § 103.100(b)(2)(i), by failing to compare its customer lists to the information requests from the Department of Treasury pursuant to Section 314(a) of the USA Patriot Act of 2001.

3. **Consent.** Home Federal consents to the issuance by the OTS of the accompanying Consent Order to Cease and Desist for Affirmative Relief (Order). It 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 under 12 U.S.C. § 1818(b). Upon its issuance by the Regional Director or his/her designee for the Southeast Region, OTS, it shall be a final order, effective and fully enforceable by the OTS under the provisions of 12 U.S.C. § 1818(i).

5. **Waivers.** Home Federal waives the following:

(a) the right to be served with a written notice of the OTS's charges against it as provided by 12 U.S.C. § 1818(b);

(b) the right to an administrative hearing of the OTS's charges against it as provided by 12 U.S.C. § 1818(b);

(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;

(d) 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, the Equal Access to Justice Act, 5 U.S.C. § 504, or 28 U.S.C. § 2412; and

(e) the right to assert this proceeding, its consent to the issuance of the Order 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 governmental entity.

6. **Other Governmental Actions Not Affected.** Home Federal acknowledges and agrees that the consent to the issuance of the Order does not release, discharge, compromise, settle, dismiss, resolve, or in any way affect any actions, charges against or any other proceeding that may be or has been brought by the OTS or another governmental entity.

7. **Reservation of Rights.** Home Federal acknowledges that OTS reserves the right to bring such additional action(s), charge(s), or proceeding(s) arising from or related in any way to the Findings of Fact or any other matter, as the OTS deems appropriate, in its sole discretion.

8. **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's predecessors, successors, and assigns;

(c) The section and paragraph headings in this Stipulation and the Order are for convenience only and shall not affect the construction hereof; and

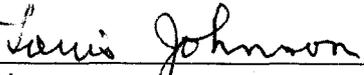
(d) This Stipulation and the Order shall remain in effect until terminated, modified, or suspended in writing by the OTS, acting through its Director, Regional Director, or other authorized representative.

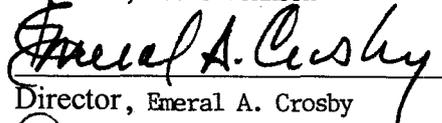
9. **Signature of Directors.** Each Director signing this Stipulation attests that he/she voted in favor of a resolution authorizing the execution of the Stipulation.

WHEREFORE, Home Federal Savings Bank, by a majority of its directors,
executes this Stipulation and Consent to the issuance of an Order to Cease and Desist for
Affirmative Relief, intending to be legally bound hereby.

Home Federal Savings Bank
Accepted by a majority of its directors:

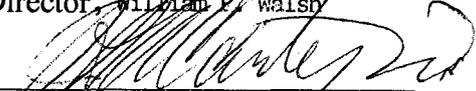
By: 
Director, Helen Coleman

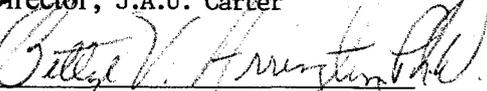

Director, Louis Johnson


Director, Emerald A. Crosby


Director, Amyre Makeupson


Director, William P. Walsh


Director, J.A.U. Carter


Director, Bettye V. Arrington

Office of Thrift Supervision


John E. Ryan
Regional Director, Southeast Region

Dated: 7/16/04

UNITED STATES OF AMERICA
Before the
OFFICE OF THRIFT SUPERVISION

In the Matter of)	
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Home Federal Savings Bank)	Order No.: ATL-2004-20
Detroit, Michigan)	
)	Date: July 16, 2004
OTS Docket No.: 05171)	
)	

CONSENT ORDER TO
CEASE AND DESIST FOR AFFIRMATIVE RELIEF

WHEREAS, Home Federal Savings Bank, Detroit, Michigan (the "Bank") has executed a Stipulation and Consent to the Issuance of an Order to Cease and Desist for Affirmative Relief ("Stipulation"); and

WHEREAS, the Bank, by its execution of the Stipulation, has consented and agreed to the issuance of this Consent Order to Cease and Desist for Affirmative Relief ("Order") pursuant to 12 U.S.C. § 1818(b);¹ and

WHEREAS, the Director of the Office of Thrift Supervision ("OTS") has delegated to the Regional Directors of the OTS the authority to issue consent orders on behalf of the OTS pursuant to provisions of Section 8 of Federal Deposit Insurance Act, 12 U.S.C. § 1818.

NOW, THEREFORE, IT IS ORDERED THAT:

1. Compliance With Laws and Regulations

The Bank and its directors, officers, employees, and agents shall cease and desist from any action (alone or with another or others) for or toward causing, bringing about, participating in, counseling or the aiding and abetting of any violation of the Currency and Foreign Transactions Reporting Act, as amended by the USA Patriot Act and other laws (the "Bank Secrecy Act" or "BSA"), 31 U.S.C. §§ 5311 et seq., and the regulations issued there under by the U. S. Department of the Treasury, 31 C.F.R. §§ 103.11 et seq.,

¹ All references to the United States Code ("U.S.C.") are as amended, unless otherwise indicated.

and the related BSA regulations issued by the OTS, 12 C.F.R. § 563.177 (collectively with the aforementioned laws and regulations, the "BSA Laws and Regulations").

2. Effective Anti-Money Laundering/BSA Compliance Program

(a) Effective immediately, the Board shall ensure that the Bank has a system in place to verify that all customer records are reviewed against the Office of Foreign Assets Control (OFAC) list of specially designated nationals and the Department of Treasury's 314(a) list pursuant to the USA Patriot Act of 2001; and

(b) Effective immediately, the Board shall maintain documentation of independent testing of the Bank's compliance with all BSA Laws and Regulations.

3. BSA Training

(a) Within sixty (60) days of the Effective Date hereof, the Bank's Board shall develop, implement, document and thereafter ensure the Bank's adherence to a comprehensive training program for all appropriate operational and supervisory personnel to ensure their awareness of their responsibility for compliance with the requirements of the BSA Laws and Regulations.

(b) The required comprehensive training program should include strategies for mandatory attendance, the frequency of training, procedures and timing for updating training programs and materials including a thorough review of previously identified violations and deficiencies and the method for delivering training.

4. Definitions

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 meanings as defined in Chapter V of Title 12 of the Code of Federal Regulations, the Home Owners' Loan Act ("HOLA"), the Federal Deposit Insurance Act ("FDIA"), OTS Memoranda or other published OTS guidance. Any such technical words or terms used in this Order and undefined in said Code of Federal Regulations, the HOLA, the FDIA, or OTS Memoranda/guidance shall have meanings that are in accordance with the best

custom and usage in the savings and loan industry.

5. Successor Statutes, Regulations, Guidance, Amendments

Reference in this Order to provisions of statutes, regulations, OTS Memoranda, and other published regulatory guidance shall be deemed to include references to all amendments to such provisions as have been made as of the Effective Date and references to successor provisions as they become applicable.

6. No Violations Authorized; OTS Not Restricted

Nothing in this Order or the Stipulation shall be construed as: (a) allowing the Bank to violate any law, rule, regulation, or policy statement to which it is subject, or (b) restricting or estopping the OTS from taking any action(s) that it believes are appropriate in fulfilling the responsibilities placed upon it by law including, without limitation, any type of supervisory, enforcement or other action that OTS determines to be appropriate, arising out of matters described in recent Reports of Examination, or based on other matters.

7. Time Limits; Effect of Headings; Separability Clause; Stipulation Incorporated.

(a) Time limitations for compliance with the terms of this Order run from the Effective Date, unless otherwise noted.

(b) The section and paragraph headings herein are for convenience only and shall not affect the construction hereof.

(c) In case any provision in this 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 Regional Director in his/her sole discretion determines otherwise.

(d) The Stipulation is made a part hereof and is incorporated herein by this reference.

8. Effective Date; Duration.

This Order is and shall become effective on the date it is issued, *i.e.*, the Effective Date as shown on the first page hereof. This Order (including the related Stipulation) shall remain in effect until terminated, modified or suspended, in writing by the OTS, acting through its Director, Regional Director or other authorized representative.

OFFICE OF THRIFT SUPERVISION

By: _____

John E. Ryan

Regional Director, Southeast Region