

UNITED STATES OF AMERICA
Before The
OFFICE OF THRIFT SUPERVISION

In the Matter of:)
WILLIAM J. DRIES)
Former Officer and Institution-)
Affiliated Party of:)
Charter Oak Federal Savings Bank)
Cincinnati, Ohio)

Resolution No. CHI-95-02

Dated: January 6, 1995

STIPULATION AND CONSENT TO ENTRY
OF AN ORDER TO CEASE AND DESIST

WHEREAS, the Office of Thrift Supervision ("OTS"), based upon information derived from the exercise of its regulatory responsibilities, has informed William J. Dries ("DRIES"), former Senior Vice President and institution-affiliated party of Charter Oak Federal Savings Bank, Cincinnati, Ohio ("Charter Oak" or "Institution") that OTS is of the opinion that grounds exist to initiate an administrative cease and desist proceeding against DRIES pursuant to Section 8(b) of the Federal Deposit Insurance Act ("FDIA"), 12 U.S.C. § 1818(b).¹

WHEREAS, DRIES desires to cooperate with the OTS and to avoid the time and expense of such administrative proceeding and, without admitting or denying that such grounds exist, hereby stipulates and agrees to the following terms:

1. Jurisdiction.

(a) The Institution, at all times relevant hereto, was a "savings association" within the meaning of Section 3(b) of the

1. All references to the U.S.C. are as amended.

FDIA, 12 U.S.C. § 1813(b) and Section 2(5) of the Home Owners' Loan Act ("HOLA"), 12 U.S.C.A. § 1462(5). Accordingly, it is an "insured depository institution" as that term is defined in Section 3(c) of the FDIA, 12 U.S.C. § 1813(c).

(b) Pursuant to Section 3(q) of the FDIA, 12 U.S.C. § 1813(q), the Director of the OTS is the "appropriate Federal banking agency" with jurisdiction over the Institution and persons participating in the conduct of the affairs thereof.

(c) The Director of the OTS has the authority to bring administrative cease and desist proceedings against persons participating in the conduct of the affairs of the Institution and against institution-affiliated parties, pursuant to Section 5(d)(1)(A) of HOLA, 12 U.S.C. § 1464(d)(1)(A) and Section 8(b) of the FDIA, 12 U.S.C. § 1818(b).

(d) DRIES was a Senior Vice President of the Institution and is deemed to be an "institution-affiliated party" of the Institution as that term is defined in Section 3(u) of the FDIA, 12 U.S.C. § 1813(u), having served in such capacity within six (6) years of the date hereof.

(e) DRIES is subject to the authority of the OTS to initiate and maintain cease and desist proceedings pursuant to Section 8(b) of the FDIA, 12 U.S.C. § 1818(b).

2. Consent. DRIES consents to the issuance by the OTS of the Order. DRIES further agrees to comply with the terms of the Order upon issuance and stipulates that the Order complies with all the requirements of law.

3. Finality. The Order is issued under Section 8(b) of the FDIA, 12 U.S.C. § 1818(b). Upon its issuance it shall be a final order, effective and fully enforceable by the OTS under the provisions of Section 8(b) and 8(i) of the FDIA, 12 U.S.C. § 1818(b) and (i).

4. Waivers.

(a) DRIES waives his right to a notice of charges and the administrative hearing provided by Section 8(b) of the FDIA, 12 U.S.C. § 1818(b), and further waives any right to seek judicial review of the Order, including any such right provided by Section 8(h) of the FDIA, 12 U.S.C. § 1818(h), or otherwise to challenge the validity of the Order.

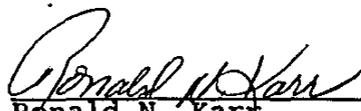
(b) DRIES and the OTS agree that this Stipulation and the Order are issued solely to settle the matters arising from the formal examination of Charter Oak conducted pursuant to Resolution No. EAST 90-6, and are not intended to nor shall they be construed to have the effect of, limiting the right or authority of any other governmental or administrative agency to initiate or pursue any other action, civil or otherwise, against DRIES. Further, this Stipulation and Order are not intended to nor shall they be construed to have the effect of, limiting the right or authority of the OTS to initiate or pursue any other action, civil or otherwise, against DRIES for conduct that occurs or is first disclosed to or discovered by the OTS after the entry of the Order.

5. Indemnification. DRIES shall neither cause nor permit Charter Oak (or any successor or subsidiary thereof) to incur,

directly or indirectly, any expense for the amount of the restitution under the Order or any legal (or other professional expenses) incurred relative to the negotiation and issuance of the Order, nor obtain any indemnification (or other reimbursement) from Charter Oak (or any successor or subsidiary thereof) with respect to such amounts. Any payments received by or on behalf of DRIES in connection with this action shall be returned to Charter Oak.

WHEREFORE, in consideration of the foregoing, the OTS, by and through its Regional Director, and DRIES execute this Stipulation and Consent to Entry of an Order to Cease and Desist, intending to be legally bound hereby.

OFFICE OF THRIFT SUPERVISION

By: 
Ronald N. Karr
Regional Director
Central Regional Office


William J. Dries

Dated: 1-6-95

Dated: January 3, 1995

UNITED STATES OF AMERICA
Before The
OFFICE OF THRIFT SUPERVISION

In the Matter of:)
WILLIAM J. DRIES)
Former Officer and Institution-)
Affiliated Party of:)
Charter Oak Federal Savings Bank)
Cincinnati, Ohio)

Resolution No. CHI-95-02

Dated: January 6, 1995

ORDER TO CEASE AND DESIST

WHEREAS, William J. Dries ("DRIES"), former Senior Vice President of Charter Oak Federal Savings Bank, Cincinnati, Ohio ("Charter Oak") is an "institution-affiliated party" within the meaning of Section 3(u) of the Federal Deposit Insurance Act ("FDIA"), and

WHEREAS, the Office of Thrift Supervision ("OTS"), based upon information derived from the exercise of its regulatory responsibilities, concludes that in 1989 and 1990, while serving as a director of the Charter/EPB Corporation ("EPB"), a wholly-owned subsidiary of Charter Oak, DRIES unreasonably relied upon the underwriting conclusions, assertions and representations of loan officers when approving EPB loans. In addition, DRIES repeatedly: (1) failed to ensure compliance with EPB's own loan policies and (2) failed to make appropriate inquiries prior to voting to approve loans, despite self-evident deficiencies in the materials presented by EPB's loan officers. As a result, Charter Oak incurred substantial losses on these loans.

The OTS further concludes that DRIES's conduct constituted unsafe and unsound practices in the conduct of Charter Oak's business.

WHEREAS, DRIES has executed a Stipulation and Consent to the Entry of an Order to Cease and Desist ("Stipulation"), which is incorporated herein by reference and is accepted and approved by the Office of Thrift Supervision ("OTS"), acting through its Regional Director; and

WHEREAS, DRIES, in the Stipulation, has consented and agreed to the issuance of this Order to Cease and Desist ("Order") pursuant to Section 8(b) of the Federal Deposit Insurance Act ("FDIA"), 12 U.S.C. § 1818(b).¹

WHEREAS, the Director of the OTS has delegated to the Regional Director of the OTS the authority to issue Orders to Cease and Desist on behalf of the OTS where a party has consented to the issuance of the Order.

NOW, THEREFORE, IT IS ORDERED THAT:

1. With respect to his employment at any "insured depository institution," as that term is defined in 12 U.S.C. § 1813(c), or any holding company or subsidiary of an insured depository institution, DRIES shall not:

a. seek, accept, or exercise any authority to approve loans; or

b. seek, accept, or exercise any authority to approve or issue letters of credit in any matter.

1. All references to the U.S.C. are as amended.

2. DRIES shall comply in all respects with all lending or other internal policies of any insured depository institution at which he may become employed or with which he may become affiliated.

3. Whenever issues arise that cause DRIES to be unsure about statutory and/or regulatory compliance, or compliance with his obligations under this Order, DRIES shall seek and obtain advice and guidance from competent legal counsel.

4. DRIES shall provide a copy of this Order to any insured depository institution, or other related entity identified in Section 8(e)(7)(A) of the FDIA, 12 U.S.C. § 1818(e)(7)(A) ("related entity"), where he is currently employed or where he, at any time in the future, seeks or accepts employment as an employee, officer or director.

5. A copy of this Order, as provided for in Paragraph 4, shall be presented to his current employer, if such employer is an insured depository institution or related entity, within three (3) business days of the effective date of this Order, and to any other appropriate insured depository institution(s) or related entity(ies) from which he is seeking employment as an employee, officer or director, prior to DRIES's acceptance of any such employment.

6. On or before January 15, 1995, and on or before every subsequent January 15, for every year this Order remains in effect, DRIES shall submit a signed statement, under oath, affirming that he has complied with all the terms of the Order. As part of that statement, DRIES shall list any and all insured

 depository institutions or related entities at which he has been offered, or has accepted employment, as an employee, director, or consultant, including the full name and address of the institution and the name of the individual to whom a copy of this Order was presented.

7. All technical words or terms used in this Order, for which meanings are not specified or otherwise provided for 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, FDIA, or HOLA, or as such definition is amended after the execution of this Order, and any such technical words or terms used in this Order and undefined in said Code of Federal Regulations, FDIA, or HOLA, shall have meanings that accord with their best custom and usage in the savings and loan industry.

8. DRIES shall cooperate with the OTS, without the need for issuance of a subpoena, in connection with the investigation into Charter Oak, or any administrative proceeding or other litigation resulting therefrom, by providing truthful information or testimony to the OTS.

9. From the effective date of this Order, DRIES shall promptly respond to any request from the OTS for documents that the OTS reasonably requests to demonstrate compliance with this Order.

10. Any report or other document required by this Order to be submitted to the OTS shall be filed with the Office of Thrift Supervision, 111 East Wacker Drive, Suite 800, Chicago, Illinois

60601, Attn: Regional Counsel. All reports and other documents shall be deemed filed when received by the OTS.

11. Any time limitations imposed by this Order shall begin to run from the effective date of this Order, unless otherwise provided for in this Order.

12. It is understood that the execution of this Order shall not be construed as an approval of any application or notices that are contemplated by DRIES.

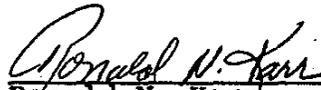
13. In the event any provision of this Order shall be declared invalid, illegal, or unenforceable; the validity, legality, and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

14. This Order shall be effective upon its issuance by the Regional Director and shall remain in effect until terminated, modified or amended by the OTS.

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

OFFICE OF THRIFT SUPERVISION

By:



Ronald N. Karr
Regional Director
Central Regional Office

Dated:

1-6-'95