

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

In the Matter of: )

KAREN JOHNSON )

Assistant Secretary - Assistant )  
Treasurer and Former Secretary to )  
the Board of Directors of Eureka )  
Homestead Society )  
New Orleans, Louisiana )

Order No.: DAL-95-11  
Dated: April 4, 1995

STIPULATION AND CONSENT TO THE ENTRY  
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 Karen Johnson ("JOHNSON"), Assistant Secretary - Assistant Treasurer and former Secretary to the Board of Directors of Eureka Homestead Society, New Orleans, Louisiana ("Eureka Homestead" or the "Institution") that OTS is of the opinion that grounds exist to initiate an administrative cease and desist proceeding against JOHNSON pursuant to Section 8(b) of the Federal Deposit Insurance Act ("FDIA"), 12 U.S.C. § 1818(b).<sup>1</sup>

WHEREAS, JOHNSON 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, but admitting the statements and conclusions in Paragraph 1 below, hereby stipulates and agrees to the following terms:

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

1. Jurisdiction.

(a) Eureka Homestead is a "savings association" within the meaning of Section 3(b) of the FDIA, 12 U.S.C. § 1813(b) and Section 2(4) of the Home Owners' Loan Act ("HOLA"), 12 U.S.C. § 1462(4). 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) JOHNSON as Assistant Secretary - Assistant Treasurer and former Secretary to the Board of Directors of Eureka Homestead 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).

(c) 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" to maintain an enforcement proceeding against a savings association and/or its institution-affiliated parties. The Director of the OTS has delegated to the Regional Directors of the OTS the authority to issue orders to cease and desist on behalf of the OTS where the respondent has consented to the entry of the order. Therefore, JOHNSON is subject to the jurisdiction of the OTS to initiate and maintain a cease and desist proceeding against her pursuant to Section 8(b) of the FDIA, 12 U.S.C. § 1818(b).

2. OTS Findings of Fact. The OTS finds that JOHNSON, while acting as Secretary to the Board of Directors ("Secretary") of the Institution, certified forms of board of directors' resolutions and executed corporate certifications which inaccurately stated that certain events had occurred during the course of said board of

directors' meetings, and further, inaccurately certified that the board had resolved to approve and authorize certain investment activities. The board resolutions and applicable certifications were not prepared by JOHNSON, but rather, were prepared by representatives of securities brokerage firms with which Eureka did business. OTS further finds that JOHNSON, while acting as Secretary, did not retain the inaccurate resolutions and certifications in a manner that would make the documents available for review by Eureka Homestead's officers, directors, or by Federal examiners.

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

4. Finality. The Order is issued under Section 8(b) of the FDIA, 12 U.S.C. § 1818(b). Upon its issuance by the Regional Director or designee for the Midwest Region, OTS, 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).

5. Waivers. JOHNSON waives the following:

(a) the right to be served with a written notice of the OTS's charges against her as provided by Section 8(b) of the FDIA, 12 U.S.C. § 1818(b);

(b) the right to an administrative hearing of the OTS's charges against her as provided by Section 8(b) of the FDIA, 12 U.S.C. § 1818(b);

(c) the right to seek judicial review of the Order, including, without limitation, 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; and

(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 arising under common law or under the Equal Access to Justice Act, 5 U.S.C. § 504 and 28 U.S.C. § 2412.

6. Other Government Actions Not Affected.

(a) JOHNSON acknowledges and agrees that the consent to the entry of the Order is for the purpose of resolving this OTS enforcement matter only, and does not resolve, release, discharge, compromise, settle, dismiss, or in any way affect any other civil or criminal proceeding which may be or has been brought by the OTS or another governmental entity.

(b) By signing this Stipulation and Consent to the Entry of an Order to Cease and Desist for Affirmative Relief, JOHNSON agrees that she will not assert this proceeding, her consent to the entry of the Order, the affirmative relief provided by the Order and/or the entry 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. The OTS is of the view that the affirmative relief provisions of the Order are remedial and not punitive in nature, and JOHNSON does not and will not contest this position.

7. Acknowledgment of Criminal Sanctions. JOHNSON acknowledges that Section 8(j) of the FDIA, 12 U.S.C. § 1818(j), sets forth criminal penalties for knowing violations of the Order.

8. Agreement for Continuing Cooperation. JOHNSON agrees that, at the OTS's request, on reasonable notice and without service of a subpoena, she will provide discovery and testify truthfully at any deposition and at any judicial or administrative proceeding related to any investigation, litigation or other proceeding maintained by the OTS relating to EUREKA, its holding companies, its subsidiaries and its institution-affiliated parties, except that JOHNSON does not waive any privilege against self-incrimination under the Fifth Amendment of the United States Constitution. If JOHNSON invokes a privilege against self-incrimination under the Fifth Amendment of the United States Constitution with respect to any matter about which the OTS inquires or the production of any document requested by the OTS and the OTS obtains a grant of immunity pursuant to 18 U.S.C. § 600 et seq., JOHNSON agrees, consistent with any such grant of immunity, to provide discovery and testify truthfully at any deposition and at any judicial, administrative or investigative proceeding on the matter for which immunity is given.

9. Indemnification. JOHNSON shall neither cause nor permit Eureka Homestead (or any successor or subsidiary thereof) to incur, directly or indirectly, any expense (including but not limited to, legal or other professional expenses) incurred relative to the negotiation and issuance of the Order, nor obtain any indemnification (or other reimbursement) from Eureka Homestead (or

any successor or subsidiary thereof) with respect to such amounts. Any payments received by or on behalf of JOHNSON in connection with this action shall be returned to the Institution.

WHEREFORE, JOHNSON executes this Stipulation and Consent to the Entry of an Order to Cease and Desist, intending to be legally bound hereby.

Accepted by:  
Office of Thrift Supervision

By:

*F. Casteel*  
Frederick R. Casteel  
Regional Director  
Midwest Regional Office

*Karen Johnson*  
Karen Johnson

Dated:

4-4-95

Dated:

3-23-95

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

In the Matter of: )  
KAREN JOHNSON )  
Assistant Secretary - Assistant )  
Treasurer and Former Secretary to )  
the Board of Directors of Eureka )  
Homestead Society )  
New Orleans, Louisiana )

Order No.: DAL-95-11  
Dated: April 4, 1995

ORDER TO CEASE AND DESIST  
FOR AFFIRMATIVE RELIEF

WHEREAS, Karen Johnson ("JOHNSON"), Assistant Secretary - Assistant Treasurer and former Secretary to the Board of Directors of Eureka Homestead Society, New Orleans, Louisiana ("Eureka Homestead" or the "Institution") is an "institution-affiliated party" within the meaning of Section 3(u) of the Federal Deposit Insurance Act ("FDIA"), and

WHEREAS, JOHNSON has executed a Stipulation and Consent to the Entry of an Order to Cease and Desist for Affirmative Relief ("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, JOHNSON, in the Stipulation, has consented and agreed to the issuance of this Order to Cease and Desist for Affirmative Relief ("Order") pursuant to Section 8(b) of the Federal Deposit Insurance Act ("FDIA"), 12 U.S.C. § 1818(b);<sup>1</sup> and

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

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. JOHNSON shall not, without the prior written approval of the Regional Director for the Midwest Region, OTS, seek, accept, or serve in, any officer or director position with Eureka Homestead, any other "insured depository institution," as that term is defined in Section 3(c) of the FDIA, 12 U.S.C. § 1813(c), or with any holding company, subsidiary or affiliate of an insured depository institution.

2. JOHNSON shall comply in all respects with the provisions of 12 C.F.R. § 563.170(c) and with all internal recordkeeping policies and procedures of Eureka Homestead or any other insured depository institution at which she may become employed or with which she may become affiliated.

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

4. JOHNSON shall provide a copy of this Order to Eureka Homestead within three (3) business days after the effective date of this Order, and shall subsequently present a copy of this Order to any insured depository institution, including its holding company, affiliate(s) and subsidiary(ies) or other related entity

identified in Section 8(e)(7)(A) of the FDIA, 12 U.S.C. § 1818(e)(7)(A), where she, at any time in the future, seeks employment as an employee, officer or director.

5. JOHNSON shall cooperate with the OTS, without the need for issuance of a subpoena, in connection with the formal examination of Eureka Homestead, or any administrative proceeding or other litigation resulting therefrom, by providing truthful information or testimony to the OTS.

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

7. Any report or other document required by this Order to be submitted to the OTS shall be filed with the Office of Thrift Supervision, 122 West John Carpenter Freeway, Suite 600, Irving, Texas 75039-2010, Attn: Regional Director. All reports and other documents shall be deemed filed when received by the OTS.

8. 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 JOHNSON.

9. 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.

10. 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.

11. 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.

OFFICE OF THRIFT SUPERVISION

By:

*F. R. Casteel*  
Frederick R. Casteel  
Regional Director  
Midwest Regional Office

Dated:

4-4-95