

Press Releases

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OTS 99-05 - Former Palm Beach Federal CEO Agrees to Settlement With OTS

Office of Thrift Supervision

News Release

FOR RELEASE at 9:30 a.m EST

For further information

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Contact: William Fulwider

OTS 99-05

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Former Palm Beach Federal CEO Agrees to Settlement with OTS

WASHINGTON, D.C., Feb. 5, 1999 - Neil J. Notkin, a former chief executive officer of failed Palm Beach Federal Savings Bank, has settled an enforcement action brought against him by the Office of Thrift Supervision (OTS) in connection with the purchase of mortgage loans from an affiliated company that far exceeded permissible amounts.

Notkin, without admitting or denying the charges, agreed to a cease and desist order that restricts his future involvement in any federally insured depository institution. He also agreed to pay restitution of \$125,000.

OTS said Notkin, as CEO of Palm Beach Federal, authorized the mortgage loan purchases of \$39 million in August 1992 from Housing Mortgage Corp. (HMC), an affiliate of the thrift. The amount of the loans violated the transactions with affiliate statute, OTS said. Also, in administering the loan purchases, the thrift, at Notkin's direction, failed to take steps to protect its financial interests in the transactions, and OTS charged Notkin with engaging in unsafe and unsound practices and breaching his fiduciary duty.

The transactions contributed to the failure of Palm Beach Federal, which OTS turned over to the Resolution Trust Corporation (RTC) in December 1992.

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The Office of Thrift Supervision (OTS), a bureau of the U.S. Treasury, regulates and supervises the nation's thrift industry. OTS' mission is to ensure the safety and soundness of thrift institutions and to support their role as home mortgage lenders and providers of other community credit and financial services. For copies of news releases or other documents call PubliFax at 202/906-5660, or visit the OTS web page at www.ots.treas.gov.
