

Press Releases

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OTS 96-69 - OTS Civil Money Penalties Increased for Inflation

Office of Thrift Supervision

News Release

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Contact: Paul Lockwood

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OTS CIVIL MONEY PENALTIES INCREASED FOR INFLATION

WASHINGTON, D.C., Oct. 31, 1996 -- Under a Congressional mandate, the Office of Thrift Supervision (OTS) today announced it has adjusted the maximum civil money penalties it can impose on those who violate the laws or OTS regulations governing the operations of savings associations. The highest permissible penalty rose to \$1.1 million a day, an increase of \$100,000.

By law enacted in 1996, Congress requires federal agencies to adjust their maximum civil money penalties this year and at least once every four years to keep pace with inflation and maintain their deterrent value. Congress requires the agencies to use a formula based on the Consumer Price Index.

OTS published a list of new maximum penalties for various violations as part of a final rule in today's Federal Register.

The new maximum penalties are effective immediately and only will apply to violations that occur after today.

The maximums serve as a cap beyond which civil money penalties may not go. Actual civil money penalties are calculated by OTS on a case-by-case basis taking into account a variety of factors such as the gravity of the violation, whether it was willful or recurring, and whether any harm was done to the financial institution.

The highest penalty assessed to date by OTS totaled \$4.86 million. It was levied in 1994 against Pedro Ramon Lopez and his wife, Teresa Saldise, for secretly and illegally acquiring approximately 70 percent of the stock of a former Miami, Florida, thrift institution, General Bank, FSB, when it converted from a mutual to a stock structure. The two enriched themselves at the bank's expense and the institution failed. In 1995, OTS assessed civil money penalties in 29 cases totaling \$270,960.

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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.