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[¶12,435] **In the Matter of Karen M. Ludwig, Peoples Bank SB, Munster, Indiana**, Docket No. 04-155e (7-22-05).

Respondent is prohibited from participating in the conduct of affairs of, or exercising voting rights in, any insured institution without the prior written approval of the FDIC.

[.1] Prohibition, Removal, or Suspension—Prohibition From—Participation in Conduct of Affairs

[.2] Prohibition, Removal, or Suspension—Prohibition From—Voting Rights, exercise of

**In the Matter of
KAREN M. LUDWIG,
individually, and as an institution-affiliated party of
PEOPLES BANK SB
MUNSTER, INDIANA
(Insured State Nonmember Bank)
ORDER OF PROHIBITION FROM FURTHER PARTICIPATION**

FDIC-04-155e

Karen M. Ludwig, f/k/a Karen M. Laude, ("Respondent") has been advised of the right

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to receive a NOTICE OF INTENTION TO PROHIBIT FROM FURTHER PARTICIPATION ("NOTICE") issued by the Federal Deposit Insurance Corporation ("FDIC") detailing the violations of law or regulation, unsafe or unsound banking practices and breaches of fiduciary duty for which an ORDER OF PROHIBITION FROM FURTHER PARTICIPATION ("ORDER") may issue, and has been further advised of the right to a hearing on the allegations under section 8(e) of the Federal Deposit Insurance Act ("Act"), 12 U.S.C. §1818(e), and the FDIC's Rules of Practice and Procedure, 12 C.F.R. Part 308. Having waived those rights, the Respondent entered into a STIPULATION AND CONSENT TO THE ISSUANCE OF AN ORDER OF PROHIBITION FROM FURTHER PARTICIPATION ("CONSENT AGREEMENT") with a representative of the Legal Division of the FDIC, whereby solely for the purpose of this proceeding and without admitting or denying any unsafe or unsound banking practices and breaches of fiduciary duty, Respondent consented to the issuance of an ORDER by the FDIC.

The FDIC considered the matter and determined it had reason to believe that:

- (a) The Respondent has engaged or participated in violations of law or regulation, unsafe or unsound banking practices and breaches of fiduciary duty as an institution-affiliated party of Peoples Bank SB, Munster, Indiana ("Bank");
- (b) By reason of such violations, practices and breaches, the insured depository institution has suffered or will probably suffer financial loss or other damage, the Respondent has received financial gain or other benefit, and the interests of the insured depository institutions' depositors have been or could be prejudiced; and
- (c) Such violations, practices and breaches involve personal dishonesty on the part of the Respondent or demonstrate the Respondent's willful and

continuing disregard for the safety or soundness of the insured depository institutions.

The FDIC further determined that such violations, practices and breaches demonstrate the Respondent's unfitness to serve as a director, officer, person participating in the conduct of the affairs or as an institution-affiliated party of the Bank, any other insured depository institution, or any other agency or organization enumerated in section 8(e)(7)(A) of the Act, 12 U.S.C. §1818(e)(7)(A).

The FDIC, therefore, accepted the CONSENT AGREEMENT and issued the following:

ORDER OF PROHIBITION FROM FURTHER PARTICIPATION

1. Respondent is hereby, without the prior written consent of the FDIC and the appropriate Federal financial institutions regulatory agency, as that term is defined in section 8(e)(7)(D) of the Act, 12 U.S.C. §1818(e)(7)(D), prohibited from:

[.1] (a) participating in any manner in the conduct of the affairs of any financial institution or organization enumerated in section 8(e)(7)(A) of the Act, 12 U.S.C. §1818(e)(7)(A);

[.2] (b) soliciting, procuring, transferring, attempting to transfer, voting, or attempting to vote any proxy, consent or authorization with respect to any voting rights in any financial institution enumerated in section 8(e)(7)(A) of the Act, 12 U.S.C. §1818(e)(7)(A);

(c) violating any voting agreement previously approved by the appropriate Federal banking agency; or

(d) voting for a director, or serving or acting as an institution-affiliated party.

2. IT IS FURTHER ORDERED that Respondent is prohibited from seeking or accepting indemnification from any insured depository institution for any expenses, including attorney's fees and disbursements incurred by Respondent in connection with this matter.

3. This ORDER will become effective immediately upon issuance. The provisions of this ORDER will remain effective and enforceable except to the extent that, and until such time as, any provision of this ORDER shall have been modified, terminated, suspended, or set aside by the FDIC.

Pursuant to delegated authority.

Dated this 22nd day of July, 2005.

Last
Updated legal@fdic.gov
11/10/2005