

**DEPARTMENT OF FINANCIAL INSTITUTIONS**  
**MINUTES OF MEETING**  
**OCTOBER 8, 2009**

The Members of the Department of Financial Institutions met at 10:00 a.m., EST, at 30 South Meridian Street, Suite 300, Indianapolis, Indiana. Attending the meeting from the Department were: David H. Mills, Director; John J. Schroeder, General Counsel, Deputy Director, Non-Depository Division and Secretary; James M. Cooper, Deputy Director, Depository Division and Assistant Secretary; Connie Gustafson, Assistant Legal Counsel; Gina R. Williams, Deputy Director, Administration Division; Troy Pogue, Supervisor, Administration Division; Kirk J. Schreiber, Bank Analyst; Mark Tarpey, Supervisor, Consumer Credit Division; Mark Powell, Supervisor, Credit Union Division; Randall Rowe, Bank Supervisor; Jim Harrell, Consumer Credit Division; and Ronda Bailey, Executive Secretary. Guests were Jeff Grogin and Scott Anderson representing PennyMac Loan Services, LLP., and Bill and Andi Saalwaechter representing Fares Pawn, LLC.

**I. EXECUTIVE SESSION: 10:00 a.m.**

- A. James M. Cooper presented to the Members a review of examination information which is confidential pursuant to IC 28-1-2-30. This aspect of the Executive Session is authorized by IC 5-14-1.5-6.1 (b)(7).

**I. PUBLIC SESSION: 10:30 a.m.**

- A. Members Present: Richard J. Rice, Chairman; Mark A. Schroeder, Vice Chairman; Donald E. Goetz, Jean L. Wojtowicz and David H. Mills, Director. Michael Davis and Paul Sweeney were absent.
- B. Approval of the minutes of the meeting held September 18, 2009. Chairman Rice entertained a motion to approve the minutes of September 18, 2009. Ms. Wojtowicz moved approval of the minutes; Mr. Goetz seconded the motion, and the motion passed unanimously.
- C. Date of next meeting: November 12, 2009 @ 10:00 a.m., at the Indiana Department of Financial Institutions, 30 South Meridian Street, Suite 300, Indianapolis, Indiana.
- D. No action was taken pursuant to the Executive Session, as the information was advisory only.

**E. BANK DIVISION:**

**1. First Farmers Bank and Trust Company, Converse, Miami County, Indiana**

Mr. Kirk J. Schreiber, Senior Bank Analyst presented this application. Mr. Schreiber informed the Members that First Farmers Bank and Trust Company and Central Bank, Russiaville, Indiana propose to effect a merger pursuant to IC 28-1-7.

First Farmers Bank and Trust Company will survive the merger. Immediately prior to the bank merger First Farmers Financial Corp., the bank holding company of First Farmers Bank and Trust Company, will directly acquire C.B. Bank Shares, Inc., the Bank holding company

for Central Bank. The acquisition of Symphony Bancorp by P/R Bancorp does not require the Members approval due to the merger transaction complying with the exemption provisions of IC 28-2-14-15.

Following the holding company merger and bank merger, First Farmers Financial Corp. will be a one bank holding company with First Farmers Bank and Trust Company as its wholly owned bank subsidiary. Central Bank's main office and branch will be branches of First Farmers Bank and Trust Company. Central Bank and C.B. Bank Shares, Inc.'s corporate existence will cease. A motion for approval of the application was made by Mr. Goetz and seconded by Mr. Schroeder. The application was unanimously approved.

**F. CONSUMER CREDIT DIVISION:**

**1. PennyMac Loan Services, LLC, Calabasas, Los Angeles County, California**

PennyMac Loan Services, LLC applied via the Nationwide Mortgage Licensing System for both a First Lien Mortgage lending license and a Subordinate Lien Mortgage lending license.

In attendance at the meeting from the applicant were Mr. Jeff Grogin, PennyMac's Chief Legal Officer and Scott Anderson, Chief Mortgage Operations Officer.

Mr. Grogin and Mr. Anderson explained the business model that they would be following nationwide and in Indiana in terms of buying portfolios of distressed properties and seeing if they can be modified or refinanced. Goal is to find a 20% reduction in the customer's mortgage payment. Applicant plans to eventually make new/direct mortgage loans. Applicant's representatives also detailed internal controls that are in place to ensure prudent underwriting and compliance with all state and federal law. All of the Members asked clarifying questions concerning the operations.

Motion for approval by Mr. Schroeder and seconded by Mr. Goetz for a First Lien Mortgage License. Motion approved unanimously.

Motion for approval by Ms. Wojtowicz and seconded by Mr. Mills for a Subordinate Lien Mortgage License. Motion approved unanimously.

**2. Fares Pawn, LLC, Evansville, Vanderburgh County, Indiana**

Mr. Bill Saalwaechter as the sole member of the LLC appeared in regards to a pawnbroking application under Ind. Code 28-7-5-8. Fares Pawn, LLC application was received by the DFI on March 30, 2009. Application has been pending since that time due to incomplete items and DFI regulatory concerns about the resolution of the prior pawnshop at this location. This prior pawnbroking license for Evansville Pawn, LLC was surrendered effective May 31, 2009 as part of an agreement with the prior owner and the office of the Attorney General, with final disposition of all unredeemed property no later than August 31, 2009. Mr. Saalwaechter has operated a buy-sell at this location during the time period from

June 1 until now.

Mr. Saalwaechter was previously given a list of issues by DFI staff to be addressed at the Members' meeting, including his involvement with the prior owner of the pawnshop, potential straw-buyers, the various transactions that led to his ownership interest in the pawnshop, the qualifications of the proposed store manager, and the future management of any new pawn license generally.

There was an extensive discussion of the history of Mr. Saalwaechter's involvement with various real estate transactions including the real estate at the pawn location. All of these transactions are related to the prior purchase transactions involving the pawn location. Mr. Saalwaechter is currently involved as a defendant in five lawsuits involving various real estate and other transactions. It was noted that as a result of these transactions, Mr. Saalwaechter might have actually owned Evansville Pawn while licensed by Tom Carroll, and that for a period of months, Mr. Saalwaechter assumed he did own the pawn business.

There was also an extensive discussion of the qualifications of John Jones to serve as manager/employee of any pawn licensee. Mr. Jones criminal history was discussed, as was the fact that he misled and/or lied to DFI staff during various licensing meetings. Mr. Jones had previously provided the DFI with court documents evidencing his criminal history.

Mr. Saalwaechter indicated that in 2007 he had become involved in the purchase of real estate and had no interest in being a pawnbroker. He now wants to become licensed as he sees it as a good business opportunity and a way to be a good steward of the property. He noted the several reference letters he provided as to his character.

Each Member of the DFI board asked Mr. Saalwaechter for clarifying comments about his numerous business dealings involving real estate in the Evansville area. After over a 90 minute discussion, Chairman Rice pointed out that he had serious concerns about licensing Mr. Saalwaechter at this point in time. Mr. Saalwaechter was reminded by Supervisor Tarpey that he could continue as a buy-sell business as long as he made no verbal or written agreement to sell items back to customers at a later date which would constitute pawnbroking.

Mr. Mills made a motion to deny the pawnbroking application. The motion was seconded by Mr. Goetz and the application was denied unanimously.

Applicant will retain his administrative hearing rights as well as any judicial review of the denial.

**G. DIRECTOR'S COMMENTS AND REQUESTS :**

**1. Springs Valley Bank & Trust Company, French Lick, Orange County, Indiana**

On August 20, 2009, the Department received a notice from Springs Valley Bank & Trust Company to form a wholly owned subsidiary. The subsidiary will be known as SVB&T Holdings, Inc. **This item was for informational purposes only.**

**2. Markle Bank, Markle, Huntington County, Indiana**

On August 21, 2009, the Department received an application from Markle Bank to invest in a nonqualifying subsidiary. The subsidiary will be known as Title Center of Indiana, LLC. This was approved by Action Taken by the Director on September 15, 2009. **This item was for informational purposes only.**

**3. Grabill Bank, Grabill, Allen County, Indiana**

On August 21, 2009, the Department received an application from Grabill Bank to invest in a nonqualifying subsidiary. The subsidiary will be known as Title Center of Indiana, LLC. This was approved by Action Taken by the Director on September 15, 2009. **This item was for informational purposes only.**

**H. DIRECTOR'S DELEGATED ACTIONS:**

**1. Bank Of America, National Association, Charlotte, Mecklenburg, North Carolina**

Bank of America, National Association ("BOA") merged with LaSalle Bank National Association ("LaSalle Bank"), Chicago, Illinois on October 17, 2008. BOA is the resulting bank after the merger and has retained LaSalle Bank's branches in Indiana. This foreign corporation application is being filed to enable the surviving corporation to transact business in Indiana in accordance with the provisions of IC 28-1-22 and IC 28-2-17. CT Corporation, 251 East Ohio Street, Indianapolis, Marion County, Indiana has been appointed as resident agent for service of legal process. **This was approved by the Director on September 15, 2009, under delegated authority.**

**2. Star Financial Bank, Fort Wayne, Allen County, Indiana**

The bank applied to the Department for approval to establish a branch office to be located at 9102 North Meridian Street, Indianapolis, Marion County, Indiana. The branch is to be known as the Meridian Street Office. **This was approved by the Director on September 28, 2009, under delegated authority.**

**3. 1<sup>st</sup> Source Bank, South Bend, St. Joseph County, Indiana**

The bank applied to the Department for approval to relocate a branch office from 3267 Northview Drive, Elkhart, Elkhart County, Indiana to 120 Sanford School Road, Elkhart, Elkhart County, Indiana. The branch is to be known as Martin's North Pointe Banking Center. **This was approved by the Director on September 28, 2009, under delegated authority.**

4. **Hoosier Trust Company, Indianapolis, Marion County, Indiana**

The corporate fiduciary applied to the Department for approval to relocate its main office from 9339 Priority Way West Drive, Suite 130, Indianapolis, Marion County, Indiana to 55 Monument Circle, Suite 800, Indianapolis, Marion County, Indiana. **This was approved by the Director on September 28, 2009, under delegated authority.**

5. **Teachers Credit Union, St. Joseph County, Indiana**

The credit union filed a request for approval of a Petition for approval of a proposed Amendment to the Articles of Incorporation. IC 28-7-1-10 allows a credit union to add one or more qualified groups to its field of membership. This amendment would place the following organizations into the field of membership of the credit union:

Environmental Solutions – Niles, MI – 1 member (common bond of occupation as defined by 28-7-1-10). **This was approved by the Director on September 11, 2009, under delegated authority.**

6. **Interra Credit Union, Goshen, Elkhart County, Indiana**

The credit union filed a request for approval of a Petition for approval of a proposed Amendment to the Articles of Incorporation. IC 28-7-1-10 allows a credit union to add one or more qualified groups to its field of membership. This amendment would place the following organizations into the field of membership of the credit union:

Weaverland Furniture, Inc. – Shipshewana – 15 members (common bond of occupation as defined by 28-7-1-10). **This was approved by the Director on September 11, 2009, under delegated authority.**

7. **Teachers Credit Union, South Bend, St. Joseph County, Indiana**

The credit union filed a request for approval of a Petition for approval of a proposed Amendment to the Articles of Incorporation. IC 28-7-1-10 allows a credit union to add one or more qualified groups to its field of membership. This amendment would place the following organizations into the field of membership of the credit union:

B & M Enterprises – Niles, MI – 2 members (common bond of occupation as defined by 28-7-1-10)

Blaz-N-Chick – Niles, MI – 2 members (common bond of occupation as defined by 28-7-1-10). **This was approved by the Director on September 21, 2009, under delegated authority.**

8. **Forum Credit Union, Indianapolis, Marion County, Indiana**

The credit union filed a request for approval of a Petition for approval of a proposed Amendment to the Articles of Incorporation. IC 28-7-1-10 allows a credit union to add one or more qualified groups to its field of membership. This amendment would place the following organizations into the field of membership of the credit union:

HLF, LLC dba Gallagher's Pizza – Avon – 18 members (common bond of occupation as defined by 28-7-1-10)

Herron High School – Indianapolis – 49 members (common bond of occupation as defined by 28-7-1-10)

Trillium Drivers – Indianapolis – 55 members (common bond of occupation as defined by 28-7-1-10). **This was approved by the Director on September 21, 2009, under delegated authority.**

9. **Forum Credit Union, Indianapolis, Marion County, Indiana**

The credit union filed a request for approval of a Petition for approval of a proposed Amendment to the Articles of Incorporation. IC 28-7-1-10 allows a credit union to add one or more qualified groups to its field of membership. This amendment would place the following organizations into the field of membership of the credit union:

IMMI – Westfield – 450 members (common bond of occupation as defined by 28-7-1-10)

DII, Dyslexia Institute of Indiana – Indianapolis – 70 members (common bond of occupation as defined by 28-7-1-10). **This was approved by the Director on September 30, 2009, under delegated authority.**

10. **Diamond Residential Mortgage Corporation** applied via the Nationwide Mortgage Licensing System for a First Lien Mortgage Lending license. They will not be servicing their loans. Loans will be closed by title companies. **This was approved by the Director on September 3, 2009, under delegated authority.**

11. **NVR Mortgage Finance, Inc.** applied via the Nationwide Mortgage Licensing System for a First Lien Mortgage Lending license. They will not be servicing their loans. Loans will be closed by title companies. **This was approved by the Director on September 3, 2009, under delegated authority.**

12. **Cashland Financial Services, Inc. d/b/a Cashland** requested a pawnbroker license. Applicant is based in Fort Worth, Texas. References were all satisfactory. **This was approved by the Director on September 14, 2009, under delegated authority.**

13. **Arch Bay Mortgage** applied via the Nationwide Mortgage Licensing System for a First Lien Mortgage Lending license. They will not be servicing their loans. Loans will be closed by title companies. **This was approved by the Director on September 21, 2009, under delegated authority.**

14. **First American Mortgage Trust d/b/a NXTLoan.com** applied via the Nationwide Mortgage Licensing System for a First Lien Mortgage Lending license. They will not be servicing their loans. Loans will be closed by title companies. **This was approved by the Director on September 21, 2009, under delegated authority.**
15. **LoanDepot.com, Inc.** applied via the Nationwide Mortgage Licensing System for a First Lien Mortgage Lending license. They are also applying for a Subordinate Lien Mortgage License. They will not be servicing their loans. Loans will be closed by title companies. **This was approved by the Director on September 21, 2009, under delegated authority.**
16. **Sun Capital, Inc.** applied via the Nationwide Mortgage Licensing System for a First Lien Mortgage Lending license. They will not be servicing their loans. Loans will be closed by title companies. **This was approved by the Director on September 21, 2009, under delegated authority.**
17. **LoanDepot.com, Inc.** applied via the Nationwide Mortgage Licensing System for a Subordinate Lien Mortgage Lending license. They are also applying for a First Lien Mortgage License. They will not be servicing their loans. Loans will be closed by title companies. **This was approved by the Director on September 21, 2009, under delegated authority.**
18. **Google Payment Corp. d/b/a Google Checkout** requested a money transmitter license. Applicant is based in Mountain View, California. Google Checkout will permit customers to store payment information for subsequent purchases from participating merchants. **This was approved by the Director on September 29, 2009, under delegated authority.**
19. **ViaAmericas Corporation** requested a money transmitter license. The corporation will issue wire transfers to Mexico, Latin America and the Caribbean. They currently operate in 20 states. **This was approved by the Director on September 29, 2009, under delegated authority.**

**CERTIFICATION:**

The Department certifies that the business discussed in the Executive Session was limited only to business that was set out in the Department's Notice of Meeting and Agenda under the heading of "Executive Session." All action taken by the Department, if any, relating to the business discussed in the Executive Session was conducted in the Public Session.

**Other Business:** Chairman Rice asked if there was other business. There being no further

business, Chairman Rice entertained a motion to adjourn the meeting. Ms. Wojtowicz moved for adjournment and Mr. Schroeder seconded the motion, and the motion passed unanimously.

**APPROVED:**

**ATTEST:**

Richard J. Rice, Chairman

John J. Schroeder, Secretary