

Press Releases

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OTS 97-26 - Sahai Group Members Consent to OTS Orders and Civil Money Penalties

Office of Thrift Supervision

NEWS

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SAHAI GROUP MEMBERS CONSENT TO OTS ORDER AND CIVIL MONEY PENALTIES

WASHINGTON, D.C., April 23, 1997 -- The leader of a group of individuals that acquired more than 10 percent of the stock of four separate thrift institutions without proper notification to regulators has agreed to be banned from the banking industry, the Office of Thrift Supervision announced today.

The leader, retired university professor Prem Sahai of Webster City, Iowa, and 11 others, who consented to cease and desist orders, together agreed to pay civil money penalties of \$175,000 and to pay back profits of more than \$223,000. The group, which is made up of relatives and friends of Sahai, neither admitted nor denied OTS charges of violations of the Change in Control Act and OTS regulations.

Other family members of the Sahai Group are: Urmila Sahai, Prem's wife; and their three children: Subhash Sahai, Anil Sahai, and Neena Gupta; Sushma Sahai, wife of Subhash, and Nutan Sahai, wife of Anil. Other group members are Sanjay Chatrath, Mary Clausen, Priti Goel, Arun Kalra, and Webster City Medical Service, P.C., owned by Anil and Subhash Sahai.

The institutions they invested in are: Mid-Iowa Savings Bank, F.S.B., Newton, Iowa; Kirksville Federal Savings Bank, Kirksville, Mo.; Home Federal Savings Bank, Sioux Falls, Iowa; and First Federal Savings Bank of Moline, Moline, Ill. The institutions are unaffected by the enforcement orders, OTS said.

OTS charged that seven members of the group purchased Mid-Iowa stock in October 1992 at the time of its conversion from a mutual to a stock institution. They did so after receiving a detailed description of the Change in Bank Control Act and attendant OTS regulations, including the prohibition against any individual or group acting in concert to acquire 10 percent or more of a converting institution's stock within three years of its conversion. By the end of 1992, OTS said, the group had purchased more than 21 percent of Mid-Iowa's stock, without having filed requisite applications for permission to do so, a violation of OTS regulations.

By March 1993, the Sahai Group had purchased more than 25 percent of the thrift's stock, which established conclusive control, compounding violations of law and regulation. The group also failed to file the required certification of ownership when it acquired more than 10 percent of each of the other three thrift institutions.

Members of the group, individually and collectively, are required by the order to make restitution of their illegally obtained profits from the stock, amounting to \$221,000, to Mid-Iowa Financial Corporation, holding company for Mid-Iowa Savings Bank, and \$2,650 to Firststar Corporation, successor to First Moline Financial Corporation, holding company for First Federal Savings Bank of Moline.

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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.

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