

UNITED STATES OF AMERICA
Before The
OFFICE OF THRIFT SUPERVISION

In the Matter of:

WILLIAM C. BRACKEN

**Former Senior Vice President and
Chief Financial Officer of:**

**SUPERIOR BANK, FSB,
Oakbrook Terrace, Illinois
OTS No. 08566**

OTS Order No.: 2002-36

Dated: August 13, 2002

**STIPULATION AND CONSENT TO ISSUANCE
OF AN ORDER TO CEASE AND DESIST**

WHEREAS, the Office of Thrift Supervision ("OTS"), based upon information derived from the exercise of its regulatory responsibilities, has informed William C. Bracken ("BRACKEN"), former Senior Vice President and Chief Financial Officer of Superior Bank, FSB, Oakbrook Terrace, Illinois ("SUPERIOR" or the "Institution"), that the OTS is of the opinion that grounds exist to initiate an administrative cease and desist proceeding against ~~BRACKEN pursuant to 12 U.S.C. § 1818(b),¹ and~~

¹ All statutory references in this Stipulation and Consent to Issuance of an Order to Cease and Desist ("Stipulation") and in the Consent Order to Cease and Desist ("Order") are to the United States Code (U.S.C.), as amended.

WHEREAS, without admitting or denying that such grounds exist or the findings of fact contained in Paragraph 2 below, but admitting the statements and conclusions in Paragraph 1 below pertaining to the jurisdiction of the OTS, **BRACKEN** believes that it is nonetheless beneficial to cooperate with the OTS in order to save the time and expense of defending against such claims.

Accordingly, **BRACKEN** hereby stipulates and agrees to the following terms:

1. Jurisdiction.

(a) **SUPERIOR**, at all times relevant hereto, was a "savings association" within the meaning of 12 U.S.C. § 1813(b) and 12 U.S.C. § 1462(4). Accordingly, **SUPERIOR** was an "insured depository institution" as that term is defined in 12 U.S.C. § 1813(c).

(b) **BRACKEN**, as Senior Vice President and Chief Financial Officer of **SUPERIOR** until January 2001, is an "institution-affiliated party" as that term is defined in 12 U.S.C. § 1813(u).

(c) Pursuant to 12 U.S.C. § 1813(q), the OTS is the "appropriate Federal banking agency" with jurisdiction to maintain an enforcement proceeding, including a cease and desist proceeding, against institution-affiliated parties. Therefore, **BRACKEN** is subject to the authority of the OTS to initiate and maintain cease and desist proceedings against him pursuant to 12 U.S.C. § 1818(b).

~~**2. OTS Findings of Fact.**~~

The OTS finds that **BRACKEN** engaged in unsafe and unsound practices while serving as Senior Vice President and Chief Financial Officer of **SUPERIOR** prior to January 2001. **BRACKEN** caused or permitted **SUPERIOR** to concentrate its lending in high risk subprime loans, to securitize those loans and to retain an unsafe and unsound concentration of high-risk

residuals. This made SUPERIOR more vulnerable to market, credit, interest rate and prepayment risks than was safe and sound. In addition, SUPERIOR's capital level was insufficient to offset the risks posed to it by this concentration of residual assets, thereby resulting in significant losses to SUPERIOR. Further, BRACKEN failed to ensure that several necessary adjustments were made to SUPERIOR's financial statements as instructed by the OTS.

3. Consent.

BRACKEN consents to the issuance by the OTS of the accompanying Consent Order to Cease and Desist ("Order"). BRACKEN further agrees to comply with its terms upon issuance and stipulates that the Order complies with all requirements of law.

4. Finality.

The Order is issued by the OTS under the authority of 12 U.S.C. § 1818(b). Upon its issuance by the Deputy Director of OTS, the Order shall be a final order, effective and fully enforceable by the OTS under the provisions of 12 U.S.C. § 1818(i).

5. Waivers.

BRACKEN waives the following:

- (a) the right to be served with a written notice of the OTS's charges against him;
- (b) the right to an administrative hearing of the OTS's charges against him; and
- ~~(c) the right to seek judicial review of the Order, including, without limitation, any~~

such right provided by 12 U.S.C. § 1818(h), or otherwise to challenge the validity of the Order.

6. Indemnification.

BRACKEN shall neither cause nor permit SUPERIOR (in receivership or conservatorship, or any successor institution, subsidiary, or service corporation thereof)

(hereinafter collectively "Superior") to incur, directly or indirectly, any expense for any legal, professional or other expenses relating to the negotiation and issuance of the Order. Nor shall **BRACKEN** obtain any indemnification (or other reimbursement) from Superior with respect to such amounts. Any such payments received by or on behalf of **BRACKEN** in connection with the negotiation or issuance of the Order shall be returned to **SUPERIOR**.

7. Final Resolution Of All Claims By OTS Against BRACKEN.

The Order shall constitute the final resolution of any and all claims that have been or could have been brought by the OTS against **BRACKEN**. The OTS for itself, as well as its legal representatives, predecessors, successors, and assigns, and all persons in privity therewith, does hereby generally and unconditionally release, remise, quit-claim, and discharge **BRACKEN** from any and all claims, suits, controversies, accounts, covenants, promises, causes of actions, liabilities, obligations and actions of any kind and character, at law or in equity, judicial or administrative, whether known or unknown, that relate to, arise from, or are in connection with the operation of **SUPERIOR**, and of its subsidiaries or affiliates, as well as parent companies, including without limitation, Coast-To-Coast Financial Corporation.

8. Final Resolution Of All Claims By BRACKEN Against OTS.

BRACKEN for himself and for his heirs, executors, administrators, successors in interest and assigns, does hereby generally and unconditionally release, remise, quit-claim, and discharge the OTS (including its assigns, successors, predecessors, subsidiaries, affiliates, officers, directors, agents, employees, servants, attorneys and other representatives) from any and all claims, suits, controversies, accounts, covenants, promises, causes of actions, liabilities, obligations and actions of any kind and character, at law or in equity, judicial or administrative, whether known or unknown, that relate to, arise from, or are in connection with any activities by

the OTS with respect to the operation of SUPERIOR, and of its subsidiaries or affiliates, as well as parent companies, including, without limitation, Coast-To-Coast Financial Corporation.

9. Other Government Actions Not Affected.

BRACKEN acknowledges and agrees that the foregoing release by OTS does not release, discharge, compromise, settle, dismiss, resolve, or in any way affect any actions, charges against, or liability of BRACKEN that arise pursuant to this action or otherwise, and that may be or have been brought by any other government entity other than the OTS. However, nothing in this Stipulation limits, modifies or nullifies the Releases contained in the Agreement of December 10, 2001, by and among the Federal Deposit Insurance Corporation (in its corporate capacity, and in its capacities as receiver and conservator for SUPERIOR, and as manager for the FSLIC Resolution Fund), the OTS, Asworth Corporation, Coast-to-Coast Financial Corporation, UBH, Inc., and Coast Partners.

10. Agreement for Continuing Cooperation.

BRACKEN agrees that, at the OTS's written request, without service of a subpoena, he will, upon reasonable advance notice, provide discovery and will testify truthfully at any judicial or administrative proceeding related to any investigation, litigation, or other proceeding maintained by OTS relating to SUPERIOR or its institution-affiliated parties, except that BRACKEN does not waive any privilege against self-incrimination under the Fifth Amendment of the United States Constitution. ~~If BRACKEN invokes his privilege against self incrimination~~ under the Fifth Amendment of the United States Constitution and the OTS obtains a grant of immunity pursuant to 18 U.S.C. § 6001 et seq., BRACKEN agrees, consistent with any such grant of immunity, to provide discovery and to testify truthfully at any judicial, administrative, or investigative proceeding for which immunity is given.

11. Miscellaneous.

(a) The construction and validity of this Stipulation and the Order shall be governed by the laws of the United States of America;

(b) All references to the OTS in this Stipulation and the Order shall also mean any of the OTS's predecessors, successors, and assigns;

(c) The section and paragraph headings in this Stipulation and Order are for convenience only, and such headings shall not affect the interpretation of this Stipulation or the Order;

(d) The terms of this Stipulation and the Order represent the final written agreement of the parties with respect to the subject matters hereof, and constitute the sole agreement of the parties with respect to such subject matters;

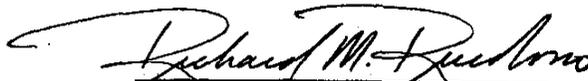
(e) The Order shall become effective immediately on the date of its issuance and shall remain in effect for eight (8) years following the date of its issuance, unless earlier suspended or terminated in writing by the OTS, acting through its authorized representatives. Notwithstanding the foregoing, BRACKEN may, at any time, apply to the OTS for modification, suspension or termination of the Order.

WHEREFORE, BRACKEN executes this Stipulation and Consent to Issuance of an Order to Cease and Desist, intending to be legally bound hereby.

By:

Accepted by:
Office of Thrift Supervision


William C. Bracken


Richard M. Riccobonno
Deputy Director

Dated: 8/7/02

Dated: 8/13/02

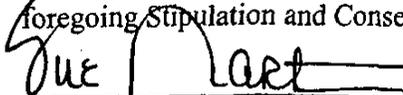
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ACKNOWLEDGMENT

State of TEXAS

County of HARRIS

On this 8TH day of AUGUST, 2002, before me, the undersigned notary public, personally appeared William C. Bracken and acknowledged his execution of the foregoing Stipulation and Consent to Issuance of an Order to Cease and Desist.


Notary Public



My Commission expires:
10/30/04

**UNITED STATES OF AMERICA
Before The
OFFICE OF THRIFT SUPERVISION**

In the Matter of:

WILLIAM C. BRACKEN

**Former Senior Vice President
and Chief Financial Officer of:**

**SUPERIOR BANK, FSB,
Oakbrook Terrace, Illinois
OTS No. 08566**

OTS Order No.: 2002-36

Dated: August 13, 2002

CONSENT ORDER TO CEASE AND DESIST

WHEREAS, William C. Bracken ("**BRACKEN**") has executed a Stipulation and Consent to Issuance of an Order to Cease and Desist ("**Stipulation**");

WHEREAS, **BRACKEN**, by his execution of the Stipulation, has consented and agreed to the issuance of this Consent Order to Cease and Desist ("**Order**") by the Office of Thrift Supervision ("**OTS**"), pursuant to 12 U.S.C. § 1818(b); and

WHEREAS, the Director of OTS has delegated to the Deputy Director of the OTS the authority to issue Orders to Cease and Desist on behalf of OTS where a respondent has consented to issuance of the Order.

NOW THEREFORE, IT IS ORDERED that:

1. **BRACKEN** shall not:
 - (a) Serve as an employee or officer with management functions or duties, or as a director, of an insured depository institution or of a nondiversified holding company.

(b) Engage or participate in any unsafe or unsound practice, or breach any fiduciary duty, with respect to the operation or supervision of any banking institution, or violate any laws, rules, or regulations governing the operation or supervision of any banking institution while employed by such banking institution.

(c) Engage or participate, directly or indirectly, in any activity pertaining in any way to the purchase or sale of any securitized asset while employed by any banking institution.

(d) Engage or participate, directly or indirectly, in any activity pertaining in any way to subprime lending while employed by any banking institution.

(e) Engage or participate, directly or indirectly, in preparing, reviewing, or approving required Thrift Financial Reports, Call Reports, or other similar reports prepared for the purpose of periodically reporting an insured depository institution's financial and capital position to an appropriate Federal banking agency, while employed by any banking institution.

(f) Engage or participate in any of the activities or conduct described in subparagraphs (b), (c), (d) and (e) above, while serving as an institution-affiliated party.

2. BRACKEN shall:

(a) Provide a copy of the Order to any banking institution prior to becoming employed by any such institution.

(b) Provide written notification to the appropriate Federal banking agency prior to becoming employed by any banking institution. The notice shall describe the duties and responsibilities of the employment position or the services to be provided.

3. Solely to enable OTS to monitor Bracken's compliance with this Order, starting on the first anniversary date of this Order and each year thereafter on said anniversary date during the term of this Order, Bracken shall file a Report, in the form of Attachment A, with

OTS informing OTS of his employment activities for the prior year. The Report shall identify Bracken's employer, whether Bracken was involved in providing any consulting or other third-party services to a banking institution, and, if so, the name of the banking institution and a description of the consulting or other third-party services provided to any such institution, including the time period during which those services were provided. The Report, which shall be submitted to the Enforcement Deputy Counsel of the OTS, shall be treated as confidential and shall be utilized solely to determine Bracken's compliance with the terms of this Order and for no other purpose.

4. Definitions

(a) "Appropriate Federal banking agency" shall have the meaning set forth in 12 U.S.C. § 1813(q).

(b) "Banking institution" refers to any and all of the following: any "insured depository institution" as that term is defined at 12 U.S.C. § 1813(c) (including but not limited to banks and savings associations); any direct or indirect "subsidiary" of any insured depository institution, whether wholly or partly owned, as that term is defined at 12 U.S.C. § 1813(w)(4); any "insured credit union" within the meaning of 12 U.S.C. § 1752(7); any "savings and loan holding company" within the meaning of 12 U.S.C. § 1467a(a)(1); and any "bank holding company" within the meaning of 12 U.S.C. § 1841.

(c) For the purposes of Paragraphs 1(b), (c), (d), and (e), "employed" means serving as an employee or officer of a banking institution or providing consulting or other services as a third party contractor to a banking institution.

(d) For the purposes of Paragraph 2, the term "employed" means serving as an employee or officer of a banking institution, or providing consulting or other services as a third

party contractor to a banking institution, but only when **Bracken** contracts with the banking institution on his own behalf or when a company that **Bracken** effectively controls contracts with the banking institution. For the purposes of this Order, **Bracken** shall not be deemed to be in effective control of a company unless he owns 33 percent or more of the outstanding voting shares of the company, except that, if the company is a banking institution, **Bracken** will be deemed to be in effective control if he owns, directly or indirectly, or acting in concert with other persons or companies, 25 percent or more of any class of voting shares of such company.

(e) "Insured depository institution" shall have the meaning set forth in 12 U.S.C. § 1813(c)(2) and (c)(3).

(f) "Institution-affiliated party" shall have the meaning set forth in 12 U.S.C. § 1813(u).

(g) "Nondiversified holding company" refers to any savings and loan holding company or bank holding company whose subsidiary insured depository institution(s) and related activities represent, on either an actual or pro forma basis, more than 50 percent of its consolidated net worth at the close of its preceding fiscal year and of its consolidated net earnings for such fiscal year. For purposes of the foregoing, consolidated net worth and consolidated net earnings shall be determined in accordance with generally accepted accounting principles.

(h) "Securitization" shall have the meaning set forth in 12 C.F.R. § 567.1.

(i) "Securitized assets" refers to assets that have undergone securitization.

(j) "Subprime lending" refers to loan programs that target borrowers with weakened credit histories typically characterized by payment delinquencies, previous charge-offs,

judgments, or bankruptcies. Such programs may also target borrowers with questionable repayment capacity evidenced by low credit scores or high debt-burden ratios.

(k) All other technical words or terms used in this Order or in the Stipulation, for which meanings are not specified or otherwise provided by the provisions of the Stipulation or the Order shall, insofar as applicable, have meanings as defined in Chapter 12 of the Code of Federal Regulations, the Home Owners' Loan Act ("HOLA"), or the Federal Deposit Insurance Act ("FDIA"). Any such technical words or terms used in the Stipulation or in the Order and undefined in the Code of Federal Regulations, HOLA, or FDIA shall have meanings that are in accordance with the best custom and usage in the savings and loan industry.

5. The Stipulation is made a part hereof and is incorporated herein by this reference.

6. **BRACKEN** shall promptly respond to any request from the OTS for documents that the OTS reasonably requests to demonstrate compliance with this Order.

7. This Order shall become effective on the date it is issued, and shall remain in effect for eight (8) years following the date of its issuance, unless earlier suspended or terminated in writing by the OTS, acting through its authorized representatives. Notwithstanding the foregoing, **BRACKEN** may, at any time, apply to the OTS to seek modification, suspension or termination of this Order.

8. The terms and provisions of this Order shall be binding upon, and inure to the benefit of the parties hereto and their successors in interest.

THE OFFICE OF THRIFT SUPERVISION

By:


Richard M. Riccobonno
Deputy Director

ATTACHMENT A

ANNUAL REPORT OF WILLIAM C. BRACKEN

EMPLOYER:

CONSULTING OR THIRD-PARTY SERVICES PROVIDED TO A BANKING INSTITUTION DURING THE PERIOD ____ 2002 TO ____ 2003:

BANKING INSTITUTION	DESCRIPTION OF SERVICES

William C. Bracken