

UNITED STATES OF AMERICA
Before The
OFFICE OF THRIFT SUPERVISION
DEPARTMENT OF THE TREASURY

In the Matter of

MICHAEL E. TAYLOR
Former Senior Vice President
and Member of the
Loan Committee of
Topa Savings Bank, F.S.B.,
Los Angeles, California

Re: Order No. SF-97-010

Date: March 28, 1997

STIPULATION AND CONSENT TO ISSUANCE OF
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 MICHAEL E. TAYLOR ("TAYLOR") that the OTS is of the opinion that grounds exist to initiate administrative proceedings against him for the issuance of administrative orders, pursuant to 12 U.S.C. § 1818(b); and

WHEREAS, TAYLOR desires to cooperate with the OTS and to avoid the time and expense of such administrative proceedings, and without admitting or denying the grounds for such proceedings but admitting the statements and conclusions in Paragraph I, below, hereby stipulates and agrees to the following terms:

Stipulation to Cease and Desist: M. E. Taylor

I. Jurisdiction.

A. Topa Savings Bank, F.S.B.

1. At all pertinent times, Topa Savings Bank, F.S.B., was a federally chartered savings and loan association maintaining its principal place of business at 1800 Avenue of the Stars, 12th Floor, Los Angeles, California ("Topa"). At all pertinent times, Bel-Air Financial was a subsidiary service corporation wholly owned by Topa. Until November 7, 1996, and at all times relevant to this Stipulation and Consent, the stock of Topa was wholly owned by Topa Equities, Ltd.

2. At all pertinent times, Topa was a "savings association" as defined by Section 2(4) of the Home Owners' Loan Act ("HOLA"), (12 U.S.C. § 1462(4)) as amended by Financial Institutions Reform, Recovery and Enforcement Act of 1989, ("FIRREA") and Section 3(b) of the Federal Deposit Insurance Act ("FDIA") (12 U.S.C. § 1813(b), and was an "insured depository institution" as defined by Section 3(c) of the FDIA, as amended by Section 204 of the FIRREA, 12 U.S.C. § 1813(c); and

B. As an officer of Topa and Bel-Air Financial from and after August 9, 1989, TAYLOR was an "institution-affiliated party" of Topa as that term is defined by Section 3(u) of the FDIA, as amended by Section 204 of the FIRREA (12 U.S.C. § 1813(u)).

C. Pursuant to Section 3(q) of the FDIA, 12 U.S.C. § 1813(q), the Director of the OTS is the "appropriate Federal Banking Agency" to maintain an enforcement proceeding against a person participating in the conduct of the affairs of an institution or institution-affiliated parties. Therefore, TAYLOR is subject to the jurisdiction of the OTS to initiate and maintain a cease and desist proceeding against him pursuant to Section 8 of the FDIA (12 U.S.C. § 1818(b)).

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II. Consent. TAYLOR consents to the issuance by the OTS of the Order. He further agrees to comply with the terms of the Order upon issuance and stipulates that the Order complies with all requirements of law.

III. OTS Findings of Fact. The OTS finds that TAYLOR violated laws, rules, and regulations and engaged in unsafe and unsound practices with regard to the following:

A. As a member of the loan committee of Topa and an officer of Topa and Bel-Air Financial, TAYLOR approved the sale and leaseback ("Transaction") of a certain shopping center complex in Lancaster, California, then owned by Bel-Air Financial and managed by a Topa affiliate ("the Shopping Center"). To facilitate the Transaction, TAYLOR approved a multi-million dollar loan by Bel-Air Financial (Loan-to-Facilitate), which loan was assigned subsequently to Topa. As the responsible loan officer, TAYLOR failed to underwrite adequately the Loan-to-Facilitate.

B. TAYLOR failed to obtain an appraisal of the Shopping Center before approving the Transaction and Loan-to-Facilitate as required by OTS regulations, including but not limited to 12 C.F.R. §§ 563.170 (c)(1)(iv) and 564.3(d)(2).

C. Before he approved the Loan-to-Facilitate and consummated the Transaction, TAYLOR failed to (1) take necessary steps to ensure compliance with applicable law and regulation, (2) consider the impact of provisions of the underlying notes and deeds on Topa, or (3) appropriately evaluate the capital impact of the transaction under applicable law and regulation.

IV. Finality. The Order is issued under Section 8(b) of the FDIA, 12 U.S.C. § 1818(b). Upon its issuance by the OTS, it shall be a final order, effective and fully enforceable by the OTS under the provisions of Section 8(i) of the FDIA, 12 U.S.C. § 1818(i).

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V. Waivers. TAYLOR waives the following:

A. the right to be formally served with a notice of the OTS's charges against him;

B. the right to an administrative hearing of the OTS's charges provided by

Section 8(b)(1) of the FDIA, 12 U.S.C. § 1818(b)(1);

C. the right to seek judicial review of the Order, including any such right provided by Section 8(h) of the FDIA, 12 U.S.C. § 1818(h), or otherwise to challenge the validity of the Order; and

D. any and all claims for the award of fees, costs or expenses relating to this OTS enforcement matter and/or the Order, including any claims under the Equal Access to Justice Act, 5 U.S.C. § 504 and 28 U.S.C. § 2412.

VI. Other Governmental Actions Not Affected.

A. TAYLOR acknowledges and agrees that the consent to entry of the Order is for the purpose of resolving this OTS enforcement matter only, and does not release, compromise, settle, dismiss, resolve, preclude or in any way affect any other civil or criminal proceeding which may be or has been brought against him by the OTS or any other governmental agency.

B. By signing this Stipulation and Consent to Entry of an Order to Cease and Desist, TAYLOR agrees that he will not assert this proceeding, his consent to the entry of the Order, and/or the entry of the Order, as the basis for a claim of double jeopardy in any pending or future proceeding brought by the United States Department of Justice or any other federal or state governmental entity.

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Agreement for Continuing Cooperation.

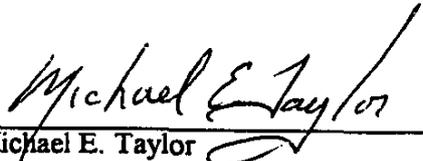
TAYLOR agrees that, at the OTS's written request, on reasonable notice and without service of a subpoena, he will provide discovery and testify truthfully at any deposition and at any judicial or administrative proceeding related to any investigation, litigation, or other proceeding maintained by the OTS relating to Topa, its subsidiaries and its institution-affiliated parties.

VIII. 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 predecessors, successors and assigns of the OTS.
- C. The section and paragraph headings in this Stipulation and in the Order are for convenience only, and such headings shall not affect the interpretation of this Stipulation and Order.
- D. This Stipulation and the Order represent the final written agreement of the parties with respect to the subject matters set forth in Section III above, and constitute the sole agreement of the parties with respect to such subject matters.

THEREFORE, MICHAEL E. TAYLOR executes this Stipulation intending to be
legally bound thereby.

By:



Michael E. Taylor

MARCH 7, 1997
Date

Accepted by:



John F. Robinson
Regional Director
West Region
Office of Thrift Supervision

March 28, 1997
Date

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MICHAEL E. TAYLOR)
Former Senior Vice President)
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Loan Committee of)
Topa Savings Bank, F.S.B.,)
Los Angeles, California)
_____)

Re: Order No. SF-97-010

Date: March 28, 1997

CONSENT ORDER TO CEASE AND DESIST

WHEREAS, MICHAEL E. TAYLOR ("TAYLOR"), an Institution-Affiliated Party of Topa Savings Bank F.S.B., Los Angeles, California, ("Topa"), has executed a Stipulation and Consent to the Issuance of Order to Cease and Desist ("Stipulation"); and

WHEREAS, TAYLOR, by his execution of the accompanying Stipulation, has consented and agreed to the issuance of this Consent Order to Cease and Desist ("Order"), pursuant to Section 8(b) of the Federal Deposit Insurance Act ("FDIA"), 12 U.S.C. § 1818(b); and

WHEREAS, the Director of the Office of Thrift Supervision ("OTS") has delegated to the Regional Directors of the OTS the authority to issue Orders to Cease and Desist on behalf of the OTS where respondents have consented to the issuance of the Orders;

NOW, THEREFORE, IT IS ORDERED that:

1. Federal Banking Law and Regulation. TAYLOR shall cease and desist from any violation of, or aiding and abetting violations of any Federal banking law or regulation, including but not limited to 12 C.F.R. § 563.170.

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2. Safe and Sound Lending Practices.

(a) TAYLOR shall, at all times, when employed by or working with a Banking Institution, engage in safe and sound lending practices and comply with the policies and procedures of the specific Banking Institution with which he is affiliated.

(b) For a period of five (5) years from the effective date of the Order, TAYLOR shall not underwrite or participate in the underwriting of any loan or other extensions of credit at any Banking Institution. However, this provision does not bar TAYLOR from underwriting or participating in the underwriting of loans under \$500,000 which are adequately secured by a trust deed on a single family residence which: (i) trust deed security shall be in first position, or (ii) loan shall be insured or guaranteed by the Federal Housing Authority ("FHA") or the Veterans' Administration ("VA").

(c) TAYLOR, acting on his own authority, shall not approve loans or other extensions of credit by a Banking Institution. However, this provision does not bar TAYLOR from: (i) approving loans under \$500,000 which are adequately secured by a trust deed on a single family residence which trust deed security shall be in first position, or which loan shall be insured or guaranteed by the Federal Housing Authority ("FHA") or the Veterans' Administration ("VA"), or (ii) participating (excluding underwriting, as discussed in (b) and (d), herein) in the review, approval, or denial of loans or other extensions of credit when acting as a member of a Board of Directors or a Loan Committee. When TAYLOR approves or participates in the approval of a loan or extension of credit, he shall: (i) take reasonable steps to ensure that all necessary underwriting materials are available to the approving body, and (ii) document any and all steps he takes to review and approve or deny loans and/or extensions of credit, and include that documentation in the applicable loan or credit file(s).

(d) TAYLOR shall not underwrite or participate in the underwriting of any loan or other extension of credit over which he exercises any loan approval authority, either individually or as a member of a committee.

3. Consultations with Professionals. Whenever, on behalf of a Banking Institution, TAYLOR has occasion to consult with experts and/or professionals, including but not limited to attorneys or accountants, TAYLOR shall ensure that, before undertaking the activity or consummating the transaction at issue, he: (a) provides the professional(s) with a full disclosure of the transaction or activity contemplated, (b) provides the professional(s) with all written background material available to the Banking Institution in order to assist the professional(s) in developing an informed opinion, and (c) allows the professional(s) adequate time, as requested, to form an informed opinion.

4. Notice to Banking Institution. Prior to becoming an officer, director, employee, or consultant of a Banking Institution, TAYLOR shall provide a copy of the Order to the chief executive officer and all directors of the Banking Institution with which TAYLOR is to be affiliated.

5. Notice to Regulators. Prior to accepting any position at a Banking Institution as Director, or Executive Officer, as that term is defined at 12 C.F.R. § 215.2(e), or acting as a consultant in a capacity similar to that of Executive Officer, TAYLOR shall provide notice to the OTS and any other Appropriate Federal Banking Agency (as defined in Paragraph 7) of his intention to accept a position in a Banking Institution. Such notice shall include written certification by TAYLOR that he has complied with Paragraph 4 of the Order.

6. Responses to Requests. TAYLOR shall promptly and appropriately respond to any request from the OTS for documents that the OTS reasonably requests to demonstrate compliance with this Order.

7. Definitions. For purposes of this Order:

- (a) "Affiliate," as used in this Order, shall have the meaning set forth at 12 C.F.R. § 574.2(d);
- (b) "Appropriate Federal Banking Agency," as used in this Order, shall have the meaning set forth at 12 U.S.C. § 1813(q);"
- (c) "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 an insured depository institution, whether wholly or partly owned; 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); any "bank holding company" within the meaning of 12 U.S.C. § 1841; and any direct or indirect subsidiary of any such holding companies, whether wholly or partly owned;
- (d) "Institution-Affiliated Party," as used in this Order, shall have the meaning set forth at 12 U.S.C. § 1813(u);
- (e) Any terms used herein that are defined in other paragraphs of this Order (including the Stipulation incorporated herein) shall have the meanings ascribed to them in such paragraphs; and
- (f) Except as otherwise expressly provided in this Order, any terms used herein that are defined in the Home Owners' Loan Act or the Federal Deposit Insurance Act shall have the meanings ascribed to them in said statutes. See, e.g., 12 U.S.C. § 1813.

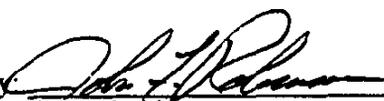
8. Notice. Any notice to the OTS required under this Order shall be provided to the following address:

Regional Director, West Region
Office of Thrift Supervision
One Montgomery Street, Suite 400
San Francisco, CA 94104
Facsimile No.: (415) 616-1752 or 1753

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

10. Effectiveness of Order. This Order shall become effective on the date it is issued, as shown in the caption hereof. This Order shall remain in effect until it is terminated, modified, or suspended, which may occur only by formal written action of the OTS, acting by and through its Regional Director, or other authorized representative.

OFFICE OF THRIFT SUPERVISION

By: 

John F. Robinson
Regional Director
West Region

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Cease and Desist Order: M. E. Taylor