

UNITED STATES OF AMERICA
Before The
OFFICE OF THRIFT SUPERVISION

In the Matter of:

CHARLES R. DAVIS,

FORMER EMPLOYEE AND
INSTITUTION-AFFILIATED PARTY
OF:

ORANGE SAVINGS AND LOAN ASSOCIATION
ORANGE, TEXAS

RE: OTS ORDER NO. DAL-96-07

DATED: February 22, 1996

STIPULATION AND CONSENT TO ENTRY
OF AN ORDER OF PROHIBITION AND ORDER TO
CEASE AND DESIST FOR AFFIRMATIVE RELIEF

WHEREAS, the Office of Thrift Supervision ("OTS"), based upon information derived from the exercise of its regulatory responsibilities, has informed Charles R. Davis ("DAVIS"), former employee and institution-affiliated party of Orange Savings and Loan Association, Orange, Texas, OTS No. 5761 ("ORANGE SAVINGS AND LOAN" or the "Institution") that the OTS is of the opinion that grounds exist to initiate administrative cease and desist and prohibition proceedings against DAVIS pursuant to Sections 8(b) and 8(e) of the Federal Deposit Insurance Act ("FDIA"), 12 U.S.C. § 1818(b) and 12 U.S.C. § 1818(e).¹

WHEREAS, DAVIS desires to cooperate with the OTS to avoid the

1. All references in this Stipulation and Consent and the Orders are to the U.S.C. are as amended.

time and expense of such administrative litigation and, without admitting or denying that such grounds exist, but admitting the statements and conclusions in Paragraph 1 below, hereby stipulates and agrees to the following terms:

1. Jurisdiction.

(a) ORANGE SAVINGS AND LOAN, at all times relevant hereto, was a "savings association" within the meaning of Section 3(b) of the FDIA, 12 U.S.C. § 1813(b), and Section 2(4) of the Home Owners' Loan Act ("HOLA"), 12 U.S.C. § 1462(4). Accordingly, ORANGE SAVINGS AND LOAN was an "insured depository institution" as that term is defined in Section 3(c) of the FDIA, 12 U.S.C. § 1813(c).

(b) DAVIS, as a former employee of ORANGE SAVINGS AND LOAN, is deemed to be an "institution-affiliated party" as that term is defined in Section 3(u) of the FDIA, 12 U.S.C. § 1813(u), having served in such capacity within six (6) years of the date hereof (see 12 U.S.C. § 1818(i)(3)).

(c) Pursuant to Section 3(q) of the FDIA, 12 U.S.C. § 1813(q), the OTS is the "appropriate Federal banking agency" with jurisdiction to maintain an enforcement proceeding against institution-affiliated parties. Therefore, DAVIS is subject to the authority of the OTS to initiate and maintain cease and desist and prohibition proceedings against him pursuant to Section 8(b) of the FDIA, 12 U.S.C. § 1818(b) and Section 8(e) of the FDIA, 12 U.S.C. § 1818(e).

2. OTS Findings of Fact. The OTS finds that on or about October 23, 1995, October 30, 1995, and December 4, 1995, DAVIS,

without authorization, misapplied \$42,400.00 of the funds of ORANGE SAVINGS AND LOAN to his own use. Further, the OTS finds that on or about April 14, 1995, DAVIS falsified bank records in the form of an official bank check made payable to the Internal Revenue Service. As a result of his actions, DAVIS (1) engaged in a violation of the law or breached his fiduciary duty of honesty to ORANGE SAVINGS AND LOAN; and (2) ORANGE SAVINGS AND LOAN suffered a financial loss or he received a financial benefit or other gain; and (3) the violation of law or breach of fiduciary duty demonstrates willful and/or continuing disregard by DAVIS for the safety and soundness of ORANGE SAVINGS AND LOAN.

3. Consent. DAVIS consents to the issuance by the OTS of the accompanying Order of Prohibition and Order to Cease and Desist for Affirmative Relief ("Orders"). He further agrees to comply with their terms upon issuance and stipulates that the Orders comply with all requirements of law.

4. Finality. The Orders are issued by the OTS under the authority of Section 8(b) of the FDIA, 12 U.S.C. §1818(b) and Section 8(e) of the FDIA, 12 U.S.C. §1818(e). Upon their issuance by the Regional Director or designee for the Midwest Region, OTS, they shall be final orders, effective and fully enforceable by the OTS under the provisions of Section 8(i) of the FDIA, 12 U.S.C. § 1818(i).

5. Waivers. DAVIS waives the following:

(a) the right to be served with a written notice of the OTS's charges against him (see Sections 8(b) and 8(e) of the FDIA);

(b) the right to an administrative hearing of the OTS's charges against him (see Sections 8(b) and 8(e) of the FDIA); and

(c) the right to seek judicial review of the Order, including, without limitation, 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.

6. Indemnification. DAVIS shall neither cause nor permit ORANGE SAVINGS AND LOAN (or any successor institution, holding company, subsidiary, or service corporation thereof) to incur, directly or indirectly, any expense for any legal or other professional expenses incurred relative to the negotiation and issuance of the Order of Prohibition and Order to Cease and Desist for Affirmative Relief. Nor shall DAVIS obtain any indemnification (or other reimbursement) from the Institution (or any successor institution, holding company, subsidiary, or service corporation thereof) with respect to such amounts. Any such payments received by or on behalf of DAVIS in connection with this action shall be returned to ORANGE SAVINGS AND LOAN (or the successor institution, holding company, subsidiary, or service corporation thereof).

7. Other Government Actions Not Affected.

(a) DAVIS acknowledges and agrees that the consent to the entry of the Orders is for the purpose of resolving these cease and desist and prohibition actions only, and does not release, discharge, compromise, settle, dismiss, resolve, or in any way affect any actions, charges against, or liability of DAVIS that arise pursuant to these actions or otherwise, and that may be or

have been brought by any other government entity other than the
OTS.

(b) By signing this Stipulation and Consent to Entry of an
Order of Prohibition and Order to Cease and Desist for Affirmative
Relief, DAVIS agrees that he will not assert this proceeding,
his consent to the entry of the Orders, and/or the entry of the
Orders, 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.

8. Acknowledgment of Criminal Sanctions. DAVIS acknowledges
that Section 8(j) of the FDIA, 12 U.S.C. §1818(j), sets forth
criminal penalties for knowing violations of the Order.

9. Agreement for Continuing Cooperation. DAVIS agrees that,
at the OTS's 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 ORANGE SAVINGS AND LOAN, its holding companies,
its subsidiaries, and its institution-affiliated parties, except
that DAVIS does not waive any privilege against self-incrimination
under the Fifth Amendment of the United States Constitution. If
DAVIS invokes a privilege against self-incrimination under the
Fifth Amendment of the United States Constitution with respect to
any matter about which the OTS inquires or the production of any
document requested by the OTS and the OTS obtains a grant of
immunity pursuant to 18 U.S.C. § 6001 et seq., DAVIS agrees,

consistent with any such grant of immunity, to provide discovery and testify truthfully at any deposition and at any judicial, administrative, or investigative proceeding on the matter for which immunity is given.

WHEREFORE, DAVIS executes this Stipulation and Consent to Entry of an Order of Prohibition and Order to Cease and Desist for Affirmative Relief, intending to be legally bound hereby.

By:

Accepted By:
Office of Thrift Supervision

Charles R. Davis
Charles R. Davis

Frederick R. Casteel
Frederick R. Casteel
Midwest Regional Director

Dated: 2/14/96

Dated: 2-22-96

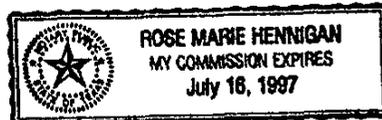
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ACKNOWLEDGMENT

State of Texas)
County of Orange)

On this 14 day of February, 1996, before me, the undersigned notary public, personally appeared Charles R. Davis and acknowledged his execution of the foregoing STIPULATION AND CONSENT TO ENTRY OF AN ORDER OF PROHIBITION AND CEASE AND DESIST ORDER FOR AFFIRMATIVE RELIEF

Rose Marie Hennigan
Notary Public



My Commission expires:
July 16, 1997

3

UNITED STATES OF AMERICA
Before The
OFFICE OF THRIFT SUPERVISION

In the Matter of:

CHARLES R. DAVIS,

FORMER EMPLOYEE AND
INSTITUTION-AFFILIATED PARTY
OF:

ORANGE SAVINGS AND LOAN ASSOCIATION
ORANGE, TEXAS

RE: OTS ORDER NO. DAL-96-07

DATED: February 22, 1996

ORDER OF PROHIBITION
AND
ORDER TO CEASE AND DESIST FOR AFFIRMATIVE RELIEF

WHEREAS, Charles R. Davis ("DAVIS") has executed a Stipulation and Consent to Entry of an Order of Prohibition and Order to Cease and Desist for Affirmative Relief ("Stipulation") on

February 14, 1996; and

WHEREAS, DAVIS, by his execution of the Stipulation, has consented and agreed to the issuance of this Order of Prohibition and Order to Cease and Desist for Affirmative Relief ("Orders") by the Office of Thrift Supervision ("OTS"), pursuant to Section 8(e) of the Federal Deposit Insurance Act ("FDIA"), 12 U.S.C. §1818(e) and Section 8(b) of the FDIA, 12 U.S.C. §1818(b).

NOW THEREFORE, IT IS ORDERED that:

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ORDER OF PROHIBITION

1. DAVIS is prohibited from further participation, in any manner, in the conduct of the affairs of Orange Savings and Loan Association, Orange, Texas, and any successor institution, holding company, subsidiary, and/or service corporation thereof.

2. DAVIS is and shall be subject to the statutory prohibitions provided by Section 8(e) of the FDIA, 12 U.S.C. § 1818(e). Due to and without limitation on the operation of Sections 8(e)(6) and 8(e)(7) of the FDIA, 12 U.S.C. §§ 1818(e)(6) and 1818(e)(7), DAVIS, except upon the prior written consent of the OTS (acting through its Director or an authorized representative thereof) and any other "appropriate Federal financial institutions regulatory agency," for purposes of Section 8(e)(7)(B)(ii) of the FDIA, 12 U.S.C. § 1818(e)(7)(B)(ii), shall not:

(A) hold any office in, or participate in any manner in the conduct of the affairs of, any institution or any agency specified in Section 8(e)(7)(A) of the FDIA, 12 U.S.C. § 1818(e)(7)(A) ("Covered Institution"), including:

(i) any insured depository institution, e.g., savings and loan associations, savings banks, national banks, state banks, trust companies, and other banking institutions;

(ii) any institution treated as an insured bank under Sections 8(b)(3) and 8(b)(4) of the FDIA, 12 U.S.C. §§ 1818(b)(3) and 1818(b)(4), or as a savings association under Section 8(b)(9) of the FDIA, 12 U.S.C. § 1818(b)(9), e.g., subsidiaries and holding

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companies of banks or savings associations;

(iii) any insured credit union under the Federal Credit Union Act, 12 U.S.C. §§ 1781 et seq.;

(iv) any institution chartered under the Farm Credit Act of 1971, 12 U.S.C. §§ 2001 et seq.;

(v) any appropriate Federal depository institution regulatory agency, within the meaning of 12 U.S.C. § 1818(e)(7)(A)(v);

(vi) the Federal Housing Finance Board and any Federal Home Loan Bank; and

(vii) the Resolution Trust Corporation.

(B) solicit, procure, transfer, attempt to transfer, vote or attempt to vote any proxy, consent, or authorization with respect to any voting rights in any Covered Institution;

(C) violate any voting agreement previously approved by the "appropriate Federal banking agency" within the meaning of Section 3(q) of the FDIA, 12 U.S.C. §§ 1813(q); or

(D) vote for a director, or serve or act as an "institution-affiliated party," as that term is defined at Section 3(u) of the FDIA, 12 U.S.C. § 1813(u), e.g., a director, officer, employee, controlling stockholder of, or agent for, an insured depository institution.

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

4. This Order is subject to the provisions of Section 8(j) of the FDIA, 12 U.S.C. § 1818(j), and shall become effective on the date it is issued.

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

6. 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.

IT IS FURTHER ORDERED that:

ORDER TO CEASE AND DESIST FOR AFFIRMATIVE RELIEF

7. DAVIS is and shall be subject to the statutory requirements provided by Section 8(b) of the FDIA, 12 U.S.C. § 1818(b).

8. DAVIS shall pay total restitution to Orange Savings and Loan Association in the amount \$42,400.00.

9. DAVIS, in partial payment of the restitution, shall submit to this office as described below in Paragraph 10 a payment in the amount of \$5,000.00 with execution of the "Stipulation and Consent to Entry of an Order of Prohibition and Order to Cease and Desist for Affirmative Relief".

9. DAVIS shall pay the remaining restitution of \$37,400.00 in six (6) quarterly payments as follows:

Date Due	Amount Due	Date Delinquent
April 1, 1996	\$ 6,233.00	April 16, 1996
July 1, 1996	\$ 6,233.00	July 16, 1996
October 1, 1996	\$ 6,233.00	October 16, 1996
January 1, 1997	\$ 6,233.00	January 16, 1997
April 1, 1997	\$ 6,233.00	April 16, 1997
July 1, 1997	\$ 6,235.00	July 16, 1997
	<u>\$37,400.00</u>	

Any delinquency in payment shall mean that the entire outstanding balance of unpaid restitution shall become payable immediately and in full.

10. All payments, including the initial payment of \$5,000.00, should be made by cashier's check, certified check, or money order made payable to Orange Savings and Loan Association and forwarded to the OTS Midwest Regional Enforcement/Litigation Department by U.S. Mail at:

Mr. Gary C. Anderberg
Enforcement/Litigation
Office of Thrift Supervision
Post Office Box 619027
Dallas/Fort Worth, Texas 75261-9027

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

12. This Order is subject to the provisions of Section 8(j) of the FDIA, 12 U.S.C. §1818(j), and shall become effective on the date it is issued.

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

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

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Charles R. Davis
Orders: Prohibition / Cease and Desist
Page 6

successors in interest.

THE OFFICE OF THRIFT SUPERVISION

By:



Frederick R. Casteel
Midwest Regional Director