

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

In the Matter of

RUSSELL M. JEDINAK
Former Chairman of the Board,
President, Chief Executive
Officer, Chief Financial
Officer, and Controlling
Shareholder of
Guardian Savings & Loan
Huntington Beach, California,

Re: Order No. SF-95-023
Date: December 8, 1995

**STIPULATION AND CONSENT TO ISSUANCE OF
ORDER OF PROHIBITION AND 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 RUSSELL MICHAEL JEDINAK ("RUSSELL JEDINAK") 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 (e);

WHEREAS, RUSSELL JEDINAK 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 or the findings or conclusions of the OTS, except as to Jurisdiction, set forth in Paragraph I, which are admitted, hereby stipulates and agrees to the following terms:

I. Jurisdiction**A. Guardian**

1. Guardian was a state-chartered savings and loan association maintaining its principal place of business at 17011 Beach Boulevard, Huntington Beach, California and, prior to August, 1988, at 5200 Warner Ave., Suite 209, Long Beach, California.

2. Guardian 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 the principal shareholder, a director and officer prior to August 9, 1989, RUSSELL JEDINAK was a person participating in the conduct of the affairs of Guardian; from and after August 9, 1989, RUSSELL JEDINAK was an "institution-affiliated party" of Guardian 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)). As a person participating in the conduct of the affairs and as an institution-affiliated party of Guardian, MR. JEDINAK is subject to the OTS's authority to maintain cease and desist and removal and prohibition proceedings.

ii. Consent RUSSELL JEDINAK consents to the issuance by the OTS of the Order in consideration of the settlement, compromise and

resolution of all potential administrative claims and charges that have been or might be asserted by the OTS against him arising out of his tenure as an officer, director, and shareholder of Guardian.

III. OTS Findings of Fact Based on the exercise of its regulatory responsibilities, the OTS concludes as follows:

A. RUSSELL JEDINAK, as the sole shareholder, a director and an officer of Guardian violated laws and regulations, engaged in unsafe and unsound practices, engaged in transactions in which there was a conflict of interest or the appearance of a conflict of interest between his interests and the interests of Guardian, and engaged in acts, omissions and practices that constituted breaches of his fiduciary duty to Guardian, including, but not limited to, the following:

(a) from 1984 through 1988 RUSSELL JEDINAK caused Guardian to provide him credit at no interest or at interest rates substantially below those offered to the public, (b) throughout his tenure caused Guardian to pay certain personal expenses that were not business related, including travel and maintenance of personal property, (c) (1) failed to adequately underwrite the origination and modification of certain large real estate loans causing substantial loss to the Association, (2) failed to adequately reserve for certain loan losses, (3) failed to perform due diligence on certain asset acquisitions and commercial loans, and (4) participated in causing Guardian to make certain loans from which he received substantial personal benefit, (d) caused Guardian to pay a dividend that was not duly authorized and was unsafe and

unsound, and (e) caused Guardian to misreport its financial condition in the Association's books and records.

B. RUSSELL JEDINAK's misconduct, directly and indirectly, resulted in substantial financial loss and damage to Guardian, and/or financial gain or other benefit to him, directly or indirectly.

C. RUSSELL JEDINAK's misconduct evidences reckless disregard for the law resulting in substantial loss to Guardian and unjust enrichment to him. In addition, his misconduct evidences willful and continuing disregard for Guardian's safety and soundness.

IV. Finality The Order is issued under Sections 8(b) and (e) of the FDIA, 12 U.S.C. §§ 1818(b) and (e). 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(f) of the FDIA, 12 U.S.C. § 1818(i).

V. Waiver RUSSELL JEDINAK 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. RUSSELL JEDINAK acknowledges and agrees that the consent to entry of the Order, the accompanying Order, and the payment by him of monies or providing any other financial relief as contemplated by the Order, is for the purpose of resolving this OTS administrative 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 any other governmental agency other than the OTS.

B. By signing this Stipulation, RUSSELL JEDINAK agrees that he will not assert the payment of any monies as contemplated by 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 governmental entity.

VII. 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.

WHEREFORE, RUSSELL JEDINAK executes this stipulation intending to be legally bound thereby.

By:

Russell Michael Jedinak
Russell Michael Jedinak

12/1/95
Date

Accepted by:

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

Date

sbs: rue.stp

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.

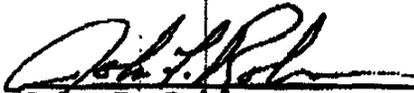
WHEREFORE, RUSSELL JEDINAK executes this Stipulation intending to be legally bound thereby.

By:

Russell Michael Jedinak

Date

Accepted by:



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

12/7/95

Date

sbs: rna:stp

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

In the Matter of

RUSSELL M. JEDINAK
Former Chairman of the Board,
President, Chief Executive
Officer, Chief Financial
Officer, and Controlling
Shareholder of
Guardian Savings & Loan
Huntington Beach, California,

Re: Order No. SF-95-023
Date: December 8, 1995

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

WHEREAS, RUSSELL MICHAEL JEDINAK ("RUSSELL JEDINAK"), a former institution-affiliated party and person participating in the affairs of Guardian Savings & Loan, Huntington Beach, California, ("Guardian"), has executed a Stipulation and Consent to the Issuance of Order of Prohibition and to Cease and Desist for Affirmative Relief ("Stipulation"); and

WHEREAS, RUSSELL JEDINAK, by his execution of the accompanying Stipulation, has consented and agreed to the issuance of this Consent Order of Prohibition and to Cease and Desist and for Affirmative Relief ("Order"), pursuant to Sections 8(b) and 8(e) of the Federal Deposit Insurance Act ("FDIA"), 12 U.S.C. §§ 1818(b) and (e); 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 and of Prohibition on

behalf of the OTS where respondents have consented to the issuance of the Orders; and

NOW, THEREFORE, IT IS ORDERED THAT:

1. 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 12 U.S.C. § 1818(e)(7)(B)(ii), RUSSELL JEDINAK shall not:

(a) Hold any office in, or participate in any manner in the conduct of the affairs of, any institution or entity listed in 12 U.S.C. § 1818(e)(7)(A) ("Paragraph (7)(A) Institution"), including but not limited to:

- (i) Any insured depository institution, s.g., savings and loan associations, savings banks, national banks, trust companies, and other banking institutions;
- (ii) Any institution treated as an insured bank under 12 U.S.C. §§ 1818(b)(3) and 1818(b)(4), or as a savings association under 12 U.S.C. § 1818(b)(9), s.g., subsidiaries and holding 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);

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

(vii) The Resolution Trust Corporation.

(b) Solicit, procure, transfer, attempt to transfer, vote or attempt any proxy, consent or authorization with respect to any voting rights in any Paragraph (7)(A) Institution.

(c) Violate any voting agreement previously approved by the "appropriate Federal banking agency" within the meaning of 12 U.S.C. § 1813(q); or

(d) Vote for a director or serve as an institution-affiliated party in a Paragraph (7)(A) Institution.

(e) Notwithstanding the foregoing, RUSSELL JEDINAK may engage in business transactions with Paragraph 7(A) Institutions, provided, however, that such transactions do not involve the exercise of discretion in connection with or control over the assets of an insured institution or the making of loan underwriting decisions on behalf of an insured institution or participation in the conduct of the affairs of an insured institution or make him an institution affiliated party within the meaning of 12 U.S.C. § 1813(u).

(f) Notwithstanding the foregoing, in the event that RUSSELL JEDINAK becomes an "institution affiliated party", as that term is defined in 12 U.S.C. § 1813(u), as a result of

(i) the acquisition of the minority partner of Quality Mortgage, U.S.A., Inc. ("Quality") by a Paragraph (7)(A) Institution, or (ii) the sale by the minority partner of Quality of all of its interest in Quality to a Paragraph (7)(A) Institution, a holding company thereof, or an affiliate of a Paragraph (7)(A) Institution, RUSSELL JEDINAK shall have 180 days to: (i) sell all of his interest in Quality, (ii) purchase all of the minority interest in Quality from the Paragraph (7)(A) Institution, or (iii) subject to the sole discretion of the OTS as evidenced by its prior written approval, otherwise dispose of his interest in Quality.

2. RUSSELL JEDINAK shall cease and desist from committing, or aiding and abetting the commitment of, any unsafe or unsound practice, breach of fiduciary duty, or any violation of any law, regulation, rule or condition imposed in writing by a Federal regulatory bank agency in connection with the conduct of the business of any federally insured financial institution.

3. RUSSELL JEDINAK, either alone or in combination with REBECCA MANLEY JEDINAK (jointly, the "JEDINAKS"), shall pay or cause to be paid restitution in the amount of \$8,500,000 to the Resolution Trust Corporation, as Receiver for Guardian Savings and Loan Association ("RTC") according to the terms and conditions of the certain Settlement Agreement among RUSSELL JEDINAK, REBECCA JEDINAK and the RTC dated December 7, 1995. Full performance by the JEDINAKS of all obligations in the Settlement Agreement and

execution of the appropriate releases by the RTC thereunder, shall satisfy the restitution obligation required by this Order.

4. RUSSELL JEDINAK shall promptly respond to any request from the OTS for documents that the OTS reasonably requires to determine compliance with this Order.

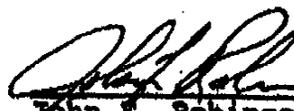
5. The stipulation is made a part hereof and is incorporated herein by this reference.

6. Prior to the issuance of this Order, RUSSELL JEDINAK provided the OTS and the RTC with financial disclosures and certified to the best of his knowledge the accuracy of those financial disclosures. In issuing this Order, the OTS has relied upon those financial disclosures. Should the OTS discover or learn that the financial representations made by RUSSELL JEDINAK or the financial information submitted by him was materially false or misleading when made, including but not limited to the failure to identify any material asset, OTS reserves the right to take any action authorized by law, including to void the settlement reached between the OTS and RUSSELL JEDINAK, to initiate an administrative proceeding against him, or to seek to impose civil money penalties under 12 U.S.C. § 1818(i).

7. The provisions of this Order are effective immediately upon execution of the this Order by the Regional Director, West Region, OTS, and shall remain effective and enforceable until set aside, in writing, by the Director of the OTS, or its successor agency.

8. Due to the issuance of this Order, RUSSELL JEDINAK is a person "subject to an order in effect under subsection (e) of [Section 8 of the FDIA] for purposes of Section 8(j) of the FDIA, 12 U.S.C. § 1818(j).

Dated: 12/7/95



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

sbet rus.ord