

UNITED STATES OF AMERICA
Before The
OFFICE OF THRIFT SUPERVISION

In the Matter of
PRITAM SINGH,
Former Institution-Affiliated
Party
of
UNION FEDERAL BANK, FSB
(Brea, California).

OTS Order No. SF-95-025

Date: 12/28/95

STIPULATION AND CONSENT TO ORDER OF PROHIBITION
AND ORDER TO CEASE AND DESIST
DIRECTING RESTITUTION AND OTHER APPROPRIATE RELIEF

Respondent, Pritam Singh ("SINGH"), hereby submits this Stipulation and Consent to an Order of Prohibition and Order to Cease and Desist ("Consent") to the Office of Thrift Supervision of the United States Department of the Treasury ("OTS") in consideration of the OTS' forbearance from commencing an administrative proceeding against SINGH (and/or his wife, Ann Johnston, and/or their affiliated entities) on the matters set forth in the accompanying Order of Prohibition and Order to Cease and Desist ("Order").

The OTS is of the opinion that grounds exist to initiate an administrative proceeding requesting an Order of Prohibition and

an Order to Cease and Desist Directing Restitution and Other Appropriate Relief ("Order") against SINGH in accordance with Section 5(d)(1)(A) of the Home Owners' Loan Act of 1933 ("HOLA"), as amended by Title III of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989, Pub. L. No. 101-73, 103 Stat. 183 ("FIRREA"), 12 U.S.C. § 1464(d)(1)(A) (1994), Sections 8(b) and 8(e) of the Federal Deposit Insurance Act ("FDIA"), as amended by Title IX of FIRREA, 12 U.S.C. §§ 1818(b) and (e) (1994), and Sections 5(d)(2) and (4) of the HOLA, 12 U.S.C. §§ 1464(d)(2) and (4) (1988).¹

WHEREAS, SINGH desires to cooperate with the OTS and to avoid the time and expense of such administrative proceeding and, without admitting or denying the findings or conclusions of the OTS, except those as to the jurisdiction of the OTS as set forth in Paragraph 1 below which are admitted for purposes of this proceeding, and in accordance with Rule 408 of the Federal Rules of Evidence and without trial, hearing or any adjudication on the merits, hereby stipulates and agrees to the following terms:

1. Jurisdiction.

(a) Union Federal Bank, FSB, Brea, California ("Union Federal") is a "savings association" within the meaning of Section 3(b) of the FDIA, 12 U.S.C. § 1813(b) (1994), and Section 2(4) of the HOLA, 12 U.S.C. § 1462(4) (1994). Accordingly, it is an

1. All references in this Stipulation and Consent and in the accompanying Order are to the United States Code as amended.

"insured depository institution" as that term is defined in Section 3(c) of the FDIA, 12 U.S.C. § 1813(c) (1994).

(b) SINGH is a real estate developer who, in addition to being a major borrower of Union Federal during the relevant period, also participated in various real estate joint ventures and partnerships with Union Federal's wholly-owned subsidiary, Uni-Cal Financial Corporation ("Uni-Cal"), and engaged in other related conduct that makes him a "person participating in the affairs" and an "institution-affiliated party" of the Association as those terms are defined in 12 U.S.C. §§ 1464(d)(2)(A), (d)(2)(C) and (d)(4) (1988) and 12 U.S.C. § 1813(u) (1994).

(c) Pursuant to Section 3(q) of the FDIA, 12 U.S.C. § 1813(q) (1994), the OTS is the "appropriate Federal banking agency" to maintain an administrative enforcement proceeding against SINGH. SINGH admits, for purposes of the Order of Prohibition and Order to Cease and Desist, that he is subject to the authority of the OTS to initiate and maintain an administrative proceeding requesting an Order against him pursuant to Sections 8(b) and (e) of the FDIA, 12 U.S.C. §§ 1818(b) and (e) (1994).

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

3. OTS Findings of Fact. The OTS, based upon information discovered during the course of its formal examination, finds as follows:

That during the period from approximately January 1985 through December 1991, SINGH, an institution-affiliated party of Union Federal, engaged in unsafe and unsound conduct in connection with transactions between Union Federal and/or Uni-Cal on the one hand and SINGH (or one of his affiliated entities) on the other hand, including but not limited to SINGH's actions and failures to act that caused or enabled the following conduct by himself and/or others relating to certain real estate projects in New England, California, and Key West, Florida:

participation in improper land flip transactions that inflated the profitability of transactions and benefited himself and former Union Federal officers and directors; use of millions of dollars of disbursed construction loan funds for purposes not intended; improper commingling of partnership funds and other disbursed loan funds with personal funds; failure to keep adequate books and records of the use of such funds and to employ other practices and procedures that would have avoided losses incurred by Union Federal and/or Uni-Cal in connection with the subject

transactions; and participation in conduct that had the effect of masking losses to Union Federal or the financial condition of SINGH or his affiliated entities and the status of development projects for which loans were made to SINGH or his affiliated entities.

4. Acknowledgment. SINGH acknowledges and agrees that he enters into this Consent willingly and without coercion or promises of any kind from the OTS or any officer, attorney, agent, or employee thereof.

5. Financial Disclosure. The OTS has determined that it is appropriate, and in the best interest of the public, to execute this Consent and the attached Order. The OTS determination is based upon available evidence and testimony and, in part, is in reliance upon the financial statements submitted by SINGH in response to an OTS formal examination subpoena duces tecum. The OTS determination is also based, in part, in reliance upon the sworn Declarations and upon the statements of financial condition by Mr. SINGH and his wife, Ann Johnston. SINGH acknowledges and agrees that should the OTS discover or learn that SINGH has failed to comply with the terms of this Consent and accompanying Order, or that the financial representations made by him and his wife to the OTS were materially false or misleading when made, including but not limited to the failure to identify any material asset, the OTS reserves the right to take any action authorized by law, including but not limited to voiding this settlement, initiating an administrative proceeding, or seeking imposition of civil money penalties pursuant to 12 U.S.C. § 1818(i) (1994).

6. Finality. SINGH stipulates that the Order is issued by the OTS under the authority of Sections 8(b) and (e) of the FDIA, 12 U.S.C. §§ 1818(b) and (e) (1994), and that upon its issuance, the Order shall become effective and fully enforceable by the OTS (or by its successor(s) or another appropriate federal banking agency) under the provisions of Section 8(i) of the FDIA, 12 U.S.C. § 1818(i) (1994).

7. Waivers. SINGH hereby 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 (e) of the FDIA);

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

(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) (1994), or otherwise to challenge the validity of the Order; and

(d) any and all claims for the award of fees, costs or expenses related to this OTS enforcement matter and/or the Order, whether arising under common law or under the Equal Access to Justice Act, 5 U.S.C. § 504 and 28 U.S.C. § 2412.

8. Indemnification. SINGH shall not seek or obtain from the Association or its affiliated service corporations any reimbursement or indemnification for any expense for any legal or other (professional) expenses incurred relative to the negotiation and issuance of the Order. Any such payments received by or on behalf of the Respondent in connection with this action shall be returned to the Association.

9. Cooperation. SINGH agrees to cooperate with the OTS, to the extent consistent with his rights under the Constitution of the United States, by providing truthful and complete information, upon request, concerning matters relating to this investigation.

10. Bankruptcy. In any bankruptcy proceeding in which SINGH's obligation to pay restitution pursuant to this Consent and Order is subject to discharge, SINGH will in no manner contest the OTS' assertions that the obligation for reimbursement in the Order arise out of the facts that have resulted in claims not dischargeable in bankruptcy under 11 U.S.C. §§ 523(a)(4) and (11) or otherwise.

11. Potential Actions Affected. Except as stated in paragraph 12 hereof, this Stipulation and Consent to Entry of an order of Prohibition and Order to Cease and Desist Directing Restitution and Other Appropriate Relief, the accompanying Order, and SINGH's compliance with the Order, constitute a settlement, compromise and resolution of any and all claims that could have been asserted by the OTS (or could be asserted by its successor(s) or another appropriate federal banking agency) against SINGH, Ann Johnston, or their affiliated entities (as identified in recently updated 1995 statements of financial condition submitted to OTS by SINGH and by Ann Johnston), based upon or arising out of any conduct or relationship with Union Federal or any transfers of assets by and between SINGH, Ann Johnston, or their affiliated entities prior to the date of this Consent.

12. Other Government Actions Not Affected. This Stipulation and Consent to Entry of an Order of Prohibition and Order to Cease and Desist Directing Restitution and Other Appropriate Relief, the accompanying Order, and SINGH's compliance with the Order, do not compromise, settle, dismiss, resolve, or in any way affect:

(a) any charges or potential actions arising from the Association as they might pertain to any entity or person other than SINGH, Ann Johnston or their affiliated entities. The OTS expressly reserves its rights to initiate and maintain administrative proceedings against any such other entity or person;

(b) any civil or criminal claims, actions, or charges against or liability of SINGH or any other individual or entity asserted by any governmental entity other than the OTS;

(c) any claims or action that may be brought against SINGH by any individual or entity other than the OTS.

13. Acknowledgment of Criminal Sanctions.

SINGH acknowledges that Section 8(j) of the FDIA, 12 U.S.C. 1818(j), sets forth criminal penalties for knowing violations of this Order.

WHEREFORE, SINGH executes this Stipulation and Consent to Order of Prohibition and Order to Cease and Desist Directing Restitution and Other Appropriate Relief, intending to be legally bound hereby.

By:

Accepted by:

Office of Thrift Supervision

PRITAM SINGH

JOHN F. ROBINSON
Regional Director
West Region

Date: _____

Date: _____

WHEREFORE, SINGH executes this Stipulation and Consent to Order of Prohibition and Order to Cease and Desist Directing Restitution and Other Appropriate Relief, intending to be legally bound hereby.


By:

PRITAM SINGH

Date: _____

Accepted by:

Office of Thrift Supervision



JOHN F. ROBINSON
Regional Director
West Region

Date: December 28, 1995

WHEREFORE, SINGH executes this Stipulation and Consent to Order of Prohibition and Order to Cease and Desist Directing Restitution and Other Appropriate Relief, intending to be legally bound hereby.

By:

Accepted by:

Office of Thrift Supervision


PRITAM SINGH

JOHN F. ROBINSON
Regional Director
West Region

Date: Dec 28 1985

Date: _____

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UNITED STATES OF AMERICA
Before The
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In the Matter of
PRITAM SINGH,
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UNION FEDERAL BANK, FSB
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OTS Order No. SF-95-025

Date: 12/28/95

ORDER OF PROHIBITION AND ORDER
TO CEASE AND DESIST DIRECTING
RESTITUTION AND OTHER APPROPRIATE RELIEF

WHEREAS, PRITAM SINGH ("SINGH") has executed a Stipulation and Consent to an Order of Prohibition and Order to Cease and Desist Directing Restitution and Other Appropriate Relief ("Consent") that is accepted and approved by the OTS;

WHEREAS, SINGH, by his execution of the Consent, has agreed to the issuance of this Order of Prohibition and Order to Cease and Desist Directing Restitution and Other Appropriate Relief ("Order") by the Office of Thrift Supervision ("OTS"), in accordance with Section 5(d)(1)(A) of the Home Owners' Loan Act of 1933 ("HOLA"), as amended by Title III of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989, Pub. L. No. 101-73, 103 Stat. 183 ("FIRREA"), 12 U.S.C. §

1464(d)(1)(A)) (1994), Sections 8(b) and 8(e) of the Federal Deposit Insurance Act ("FDIA"), as amended by Title IX of FIRREA, 12 U.S.C. §§ 1818(b) and (e) (1994), and Sections 5(d)(2) and (4) of the HOLA, 12 U.S.C. §§ 1464(d)(2) and (4) (1988);

WHEREAS, the OTS is of the opinion that, as a result of actions or omissions in connection with Union Federal Bank, FSB, Brea, California ("Union Federal"), SINGH violated applicable laws and regulations and engaged in unsafe and unsound conduct and that the OTS further has grounds to demonstrate that SINGH's conduct resulted in financial losses and damages to Union Federal, and that said conduct demonstrated willful disregard for Union Federal's safety and soundness, and that by virtue of this conduct he has acted in reckless disregard for the law;

WHEREAS, the Director of the Office of Thrift Supervision ("OTS") has delegated to the Regional Director of the OTS the authority to issue Orders on behalf of the OTS where the Respondent has consented to the issuance of the Order.

NOW THEREFORE, IT IS ORDERED that:

PROHIBITION ORDER

1. SINGH is prohibited from further participation, in any manner, in the conduct of the affairs of Union Federal Bank, FSB, Brea, California, and any successor institution, holding company, subsidiary, and/or service corporation thereof.

2. SINGH 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), SINGH, 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 Section 8(b)(3) and 8(b)(4) of the FDIA, 12 U.S.C. §§ 1818(b)(9) of the FDIA, 12 U.S.C. § 1818(b)(9), e.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 197, 12 U.S.C. §§ 2001 et seq.;

(v) any appropriate Federal depository institution regulatory agency, within the meaning of Section 8(e)(7)(A)(v) of the FDIA, 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 bank 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.

ORDER TO CEASE AND DESIST FOR AFFIRMATIVE RELIEF

4. (a) SINGH, in order to remedy conditions resulting from the aforementioned regulatory violations and unsafe or unsound practices, and based upon his sworn statement of financial condition and other relevant factors, shall pay restitution in the amount of \$1.2 million to Union Federal as follows:

1. SINGH shall pay \$700,000 in the form of a cashier's check or wire transfer payable to the order of Union Federal Bank, FSB, by no later than December 31, 1995.

2. On or before December 31, 1995, SINGH will execute a secured promissory note for the principal sum of \$500,000 (without interest, except upon default as set forth in the terms of the note). The entire unpaid principal balance of this note shall be due and payable on December 27, 1996. The note will be secured by certain improved and unimproved real estate in South Woodstock, Vermont, and will be in a form acceptable to the OTS.

The above-described restitution payment shall be mailed or delivered to the Controller or Treasurer of Union Federal Savings Bank, 330 East Lambert, Brea, California 92622, or in the event the institution no longer exists, to the Controller or Treasurer of its successor(s), or to an appropriate federal banking agency. Copies of the respective payment checks and any accompanying transmittal correspondence shall be sent contemporaneously to Eliot Goldstein, Esq., c/o OTS Enforcement Division, 1700 G Street, N.W. Washington, D.C. 20552.

(b) The restitution obligations of this paragraph are imposed on SINGH pursuant to 12 U.S.C. § 1818(b) (1994).

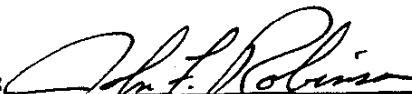
5. The Consent is accepted and approved by the OTS, acting through its Regional Director for the West Region, and is made a part hereof and incorporated herein by this reference.

6. Notice is hereby provided that this Order is subject to the provisions of Section 8(i) and 8 (j) of the FDIA, 12 U.S.C. §§ 1818(i) and (j) (1994) and that a violation of this Order could subject SINGH to the penalties specified therein.

7. SINGH shall promptly respond to any reasonable request from the OTS or its successor(s) or other appropriate federal banking agency for documents to demonstrate compliance with this Order.

8. This Order shall become effective on the date it is issued, as shown in the caption above.

THE OFFICE OF THRIFT SUPERVISION

By: 
JOHN F. ROBINSON
Regional Director
West Region