

UNITED STATES OF AMERICA
Before The
OFFICE OF THRIFT SUPERVISION

In the Matter of)
THOMAS RUBEN JONES)
A Former Director)
of Guaranty Federal Savings Bank)
Warner Robins, Georgia)

Resolution No.: ATL-93-2
Dated: January 13, 1993

STIPULATION AND CONSENT TO THE ENTRY
OF A PROHIBITION ORDER

The Office of Thrift Supervision ("OTS"), by and through its Regional Director for the Southeast Region, and Thomas Ruben Jones ("Jones"), a former Director of Guaranty Federal Savings Bank, Warner Robins, Georgia, OTS Docket No. 9229 (formerly 7852) ("Guaranty Federal" or "Institution"), hereby stipulate and agree as follows:

1. Consideration. The OTS, based upon its investigative findings, is of the opinion that grounds exist to initiate an administrative proceeding against Jones, pursuant to Section 8(e) of the Federal Deposit Insurance Act ("FDIA"), 12 U.S.C.A. § 1818(e) (West 1989 & Supp. 1992). The OTS' investigative findings in support of its belief include the following:

(a) Jones, a former Director of Guaranty Federal, also served as Chairman of the Board of Directors of Citizens Bank, Dallas, Georgia ("Citizens Bank").

(b) Citizens Bank was an affiliated person of Guaranty Federal, and because of the relationship between the institutions, transactions between the two entities, without prior written supervisory approval, were specifically prohibited by the terms of Guaranty Federal's voluntary supervisory conversion.

(c) Jones, acting as a member of Guaranty Federal's Board of Directors, approved and/or ratified numerous loans, the proceeds of which were used to pay off prior liens at Citizens Bank, in violation of the conditions of the voluntary supervisory conversion and of 12 C.F.R. §563.43(c)(2).

(d) The underwriting for these loans was extremely poor, and the borrowers had little equity in the collateral and no means to repay the loans other than the sale of the collateral.

(e) The estimated losses on the Guaranty Federal loans involving the disbursement of loan proceeds to Citizens Bank are at least \$1,210,000.

(f) As a result of these actions, Jones engaged or participated in unsafe or unsound practices and violations of regulations and of a condition imposed in writing. By reason of the foregoing unsafe or unsound practices and violations, Guaranty Federal has suffered

substantial financial loss or other damage. Further, such unsafe or unsound practices and violations demonstrate a willful and continuing disregard by Jones for the safety and soundness of Guaranty Federal.

Jones desires to cooperate with the OTS and to avoid the time and expense of such administrative proceeding and, without admitting or denying that such grounds exist, hereby stipulates and agrees to the following terms in consideration of the forbearance of the OTS from initiating such administrative proceeding against Jones. Further, as outlined in Section 5 of this Stipulation, the OTS has determined not to seek restitution from Jones at this time.

2. Jurisdiction.

(a) Guaranty Federal was a "savings association" within the meaning of Section 3(b)(1) of the FDIA, 12 U.S.C.A. § 1813(b)(1). The Institution was an "insured depository institution" as that term is defined in Section 3(c)(2) of the FDIA, 12 U.S.C.A. § 1813(c)(2).

(b) Jones, as a Director of Guaranty Federal, was an "institution-affiliated party" as that term is defined in Section 3(u) of the FDIA, 12 U.S.C.A. § 1813(u).

(c) The Director of OTS is the "appropriate Federal banking agency" to maintain an administrative proceeding against such a savings association or its institution-affiliated parties, pursuant to Section 3(q)(4) of the FDIA, 12 U.S.C.A. § 1813(q)(4). Therefore, Jones is subject to the authority of the OTS to initiate and maintain

an administrative proceeding against him pursuant to Section 8(e) of the FDIA, 12 U.S.C.A. § 1818(e).

3. Consent. Jones consents to the issuance by the OTS of the accompanying Order of Prohibition ("Order"). He 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 under Section 8(e) of the FDIA, 12 U.S.C.A. § 1818(e). Upon its issuance by the Regional Director 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.A. § 1818(i).

5. Waivers. Jones waives his right to a notice of charges, notice of intention to prohibit and the administrative hearing provided by Section 8(e) of the FDIA, 12 U.S.C.A. § 1818(e), and further waives his right to seek judicial review of the Order, including any such right provided by Section 8(h) of the FDIA, 12 U.S.C.A. § 1818(h), or otherwise to challenge the validity of the Order.

Further, Jones acknowledges and agrees that his consent to the entry of the Order is for the purpose of resolving this OTS enforcement matter only and does not compromise, settle, dismiss, resolve, or in any way affect any civil, criminal, or administrative actions, charges against, or liability of Jones that arise pursuant to this action or otherwise, that may be or have been brought by the Resolution Trust Corporation, the United States Department of

Justice or any other governmental entity other than the OTS. This Stipulation shall not be interpreted as an admission by Jones in any other civil, criminal, or administrative action.

The OTS' decision to enter into this Stipulation has been predicated in part upon representations made by Jones concerning the amount, nature and quality of cash, property and other assets owned by Jones ("Assets"). It is understood that Jones has made a good faith estimate of the current value of his Assets, and Jones understands that should the OTS discover or learn from any source that the representations made by him about his Assets were intentionally or materially false, including but not limited to the failure to identify and/or value any Asset, the OTS reserves the right to void the settlement reached between the OTS and Jones, including this Stipulation and the Order, and initiate an administrative proceeding against Jones or take any other legal action that the OTS in its sole discretion deems appropriate.

WHEREFORE, in consideration of the foregoing and intending to be legally bound hereby, the Regional Director for the Southeast Region, on behalf of the OTS, and Jones execute this Stipulation and Consent to the Entry of A Prohibition Order.

OFFICE OF THRIFT SUPERVISION

By: ^{/S/}
John E. Ryan
Regional Director
Southeast Region

^{/S/}
Thomas Ruben Jones

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ORDER OF PROHIBITION

WHEREAS, Thomas Ruben Jones ("Jones") has executed a Stipulation and Consent to the Entry of A Prohibition Order ("Stipulation"), which is accepted and approved by the Office of Thrift Supervision ("OTS") acting through its Regional Director for the Southeast Region; and

WHEREAS, Jones in the Stipulation has consented and agreed to the issuance of this Order of Prohibition ("Order"), pursuant to Section 8(e) of the Federal Deposit Insurance Act ("FDIA"), 12 U.S.C.A. § 1818(e) (West 1989 & Supp. 1992).

NOW THEREFORE, IT IS ORDERED that:

1. Jones is prohibited from further participation, in any manner, in the conduct of the affairs of Guaranty Federal Savings Bank, Warner Robins, Georgia, OTS Docket No. 9229 (formerly 7852) ("Guaranty Federal" or "Institution") its holding company(ies), or service corporation(s).

