

UNITED STATES OF AMERICA
Before The
OFFICE OF THRIFT SUPERVISION

In the Matter of:)

ROBERT J. HENRY, Former)
Director)
and Institution-Affiliated)
Party of:)

First Federal Savings and)
Loan Association, Las Vegas,)
New Mexico)
_____)

RE: Resolution No. DAL-93-04

DATED: January 29, 1993

STIPULATION AND CONSENT TO ISSUANCE OF
ORDER OF PROHIBITION

The Office of Thrift Supervision ("OTS"), by and through its Midwest Regional Director ("Regional Director") and Robert J. Henry ("Henry"), former Director of First Federal Savings and Loan Association, Las Vegas, New Mexico (the "Institution"), hereby stipulate and agree as follows:

1. Consideration. The OTS, based upon information reported to it, is of the opinion that grounds exist to initiate an administrative prohibition proceeding against Henry pursuant to Section 8(e) of the Federal Deposit Insurance Act ("FDIA"), as amended by the Financial Institutions Reform, Recovery and Enforcement Act of 1989 ("FIRREA"), 12 U.S.C. § 1818(e). Without admitting, and specifically disputing the statements and conclusions of the OTS set forth in paragraphs 2(g)-(i) of this document, and in accordance with Rule 408 of the Federal Rules of Evidence Henry consents to entry of the attached Order of

Prohibition. Henry hereby stipulates and agrees to the following terms in consideration of the agreement of the OTS to forebear from initiating any civil or administrative proceeding arising out of Henry's actions as a director of the Institution. Henry, without trial or findings of fact pursuant to an administrative hearing consents to the terms of this STIPULATION AND CONSENT TO ISSUANCE OF ORDER OF PROHIBITION ("Stipulation"), for the sole purpose of resolving the issues in this proceeding without significant legal cost and expense, and in consideration of the forbearance by the OTS from initiating administrative prohibition litigation.

2. Jurisdiction.

(a) The Institution is 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 of 1933, as amended by Section 301 of FIRREA, 12 U.S.C. § 1462(4) (Supp. I 1989). Accordingly, it is an "insured depository institution" as that term is defined in Section 3(c) of the FDIA, as amended by FIRREA, 12 U.S.C. § 1813(c).

(b) Until August 9, 1989, the accounts of the Institution were insured by the Federal Savings and Loan Insurance Corporation ("FSLIC") pursuant to Section 403(b) of the National Housing Act of 1934 ("NHA"), 12 U.S.C. § 1726(b), by reason of which it was an "insured institution" within the meaning of the NHA.

(c) As of August 9, 1989, pursuant to the provisions of FIRREA, the insurance of the accounts of the Institution was transferred to the Federal Deposit Insurance Corporation.

(d) Until August 9, 1989, the Federal Home Loan Bank Board ("FHLBB"), as operating head of the FSLIC, was the regulatory agency with jurisdiction over the Institution and persons participating in the conduct of the affairs thereof, including Henry, pursuant to Section 5 of the HOLA, 12 U.S.C. § 1464.

(e) As of August 9, 1989, pursuant to Section 3(q) of the FDIA, as amended by Section 204 of the FIRREA, 12 U.S.C. § 1813(q), the OTS succeeded to the interests of the FHLBB with respect to the supervision and regulation of all savings associations, and thus became the "appropriate Federal banking agency" with jurisdiction over the Institution and persons participating in the conduct of the affairs thereof.

(f) Henry was at all times relevant to the allegations set forth herein, a Director of the Institution, and thus an "institution-affiliated party" as that term is defined in Section 3(u) of the FDIA, as amended by FIRREA, 12 U.S.C. § 1813(u). As such, Henry is subject to the authority of the OTS to maintain prohibition proceedings pursuant to Section 8(e) of the FDIA, as amended by FIRREA, 12 U.S.C. § 1818(e).

(g) Although, from and after January 20, 1987, Henry knew or should have known, that the OTS considered Michael L. Gregory, James P. Sappington, Jr., and their related business interests to be "one borrower" as defined by the loans-to-one borrower regulation (then set forth at 12 C.F.R. § 563.9-3(a)(1)), Henry did not object to the Institution's continued lending to these borrowers; did not analyze the applicable regulation and its applicability to the Institution's continued lending to these borrowers; nor did Henry advise the Board of Directors of the Institution to seek independent legal counsel in order: (i) to correct existing regulatory violations, and (ii) to prevent the Institution from making further loans in violation of applicable regulations.

(h) From and after January 20, 1987, Henry as a member of the Board of Directors of the Institution, approved and/or ratified at least sixteen (16) loans made to Michael L. Gregory, James P. Sappington, Jr. and their related business interests, resulting in a total principal amount outstanding to these borrowers on May 28, 1989 of \$3,489,237.81, an amount that significantly exceeded the legal limit for loans to "one borrower."

(i) The Institution has suffered or probably will suffer significant loss on the loans described in Paragraphs 2(g)-(h) of this document.

17. Bishoff, by his signature hereto, acknowledges and agrees that if it is found by the OTS, after appropriate notice and hearing as set forth in Sections 8(b), (c), (e) and (i) of the FDIA, 12 U.S.C. §§1818(b), (c), (e) and (i), that Bishoff has failed to comply with the terms of this Order, then Bishoff shall be liable for: (a) all administrative remedies under Section 8 of the FDIA, 12 U.S.C. §1818, including but not limited to cease and desist orders and civil money penalties under Sections 8(b), (c) and (i) of the FDIA, 12 U.S.C. §§1818(b), (c) and (i), for violation of the Order; and (b) all administrative remedies under Section 8 of the FDIA, 12 U.S.C. §1818, as though he were a respondent in a Notice of Charges for his conduct as an institution-affiliated party of First Standard or First Standard FS as alleged in the Order, and Bishoff further expressly waives any and all defenses he might otherwise claim as to the collateral estoppel or res judicata effect of findings of fact and conclusions of law entered in an administrative proceeding against other respondents initiated by the OTS filing of a Notice of Charges involving the allegations set forth in the Order.

18. Bishoff agrees and acknowledges that his obligation to make restitution pursuant to this Consent and the Order shall not be dischargeable in bankruptcy under any circumstances.

WHEREFORE, in consideration of the foregoing and intending to be legally bound hereby, the OTS (acting by and through the undersigned) and Bradley D. Bishoff execute this Consent as of the date written above.

OFFICE OF THRIFT SUPERVISION

By:

/S/

Angelo A. Vigna
Regional Director
Northeast Region

/S/

Bradley D. Bishoff

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RE: Resolution No. DAL-93-04

DATED: January 29, 1993

ORDER OF PROHIBITION

WHEREAS, Robert J. Henry ("Henry") has executed a STIPULATION AND CONSENT TO ISSUANCE OF ORDER OF PROHIBITION ("Stipulation"), which is incorporated herein by reference and is accepted and approved by the Office of Thrift Supervision ("OTS"), acting through its Midwest Regional Director ("Regional Director"); and

WHEREAS, Henry has consented and agreed in the Stipulation to the issuance of this ORDER OF PROHIBITION ("Order"), pursuant to Section 8(e) of the Federal Deposit Insurance Act, as amended by the Financial Institutions Reform, Recovery and Enforcement Act of 1989, ("FIRREA"), 12 U.S.C. § 1818(e) (1988 and Supp. I 1989), and Section 5(d)(91)(A) of the Home Owners' Loan Act ("HOLA"), 12 U.S.C. § 1464(d)(1)(A);

NOW THEREFORE, IT IS ORDERED THAT:

1. Henry is prohibited from further participation in any manner, in the conduct of the affairs of First Federal Savings and

Loan Association, Las Vegas, New Mexico, or any of its subsidiaries (the "Institution.")

2. Without the prior written approval of the Regional Director and, if appropriate, another federal financial institutions regulatory agency, Henry may not hold any office in, or participate in any manner in the conduct of the affairs of any institution(s) or other entity as set forth in Section 8(e)(7)(A) of the FDIA, as amended by FIRREA, 12 U.S.C. § 1818(e)(7)(A). Pursuant to Section 8(e)(6) of the FDIA, as amended by FIRREA, 12 U.S.C. § 1818(e)(6), conduct prohibited by this Order includes, inter alia, the solicitation, the transfer or the exercise of any voting rights with respect to any securities issued by any insured depository institution.

3. Nothing in this Order, however, prohibits Henry from the following activities, even though such activities may involve or relate to a Covered Institution:

(a) being a customer, as a depositor or borrower, of a Covered Institution; or

(b) owning Stock in a Covered Institution.

Provided however, that activities outlined in this Paragraph 3 may not be performed in a manner that would make Henry an "institution-affiliated party" as that term is defined at Section 3(u) of the FDIA, as amended by FIRREA, 12 U.S.C. § 1813(u).

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

5. Definitions: For the purpose of this Order, the terms used herein have the following meanings:

(a) "Institution-affiliated party" is defined at 12 U.S.C. § 1813(u).

(b) The term "violation" includes any action (alone or with another or others) for or toward causing, bringing about, participating, counseling or aiding or abetting a violation.

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

7. This Order is a final Order, and shall become effective upon its issuance by the Regional Director.

OFFICE OF THRIFT SUPERVISION

/S/

By:

Frederick R. Casteel
Midwest Regional Director