

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

In the Matter of:

BERNARD G. ILLE, Former  
Director and Institution-  
Affiliated Party of:

Oak Tree Savings Bank, S.S.B.,  
New Orleans, Louisiana

RE: Resolution No. DAL-93-07

DATED: April 1, 1993

STIPULATION AND CONSENT TO ENTRY OF  
ORDER TO CEASE AND DESIST

The Office of Thrift Supervision ("OTS"), by and through its Regional Director for the Midwest Regional Office ("Regional Director"), and Bernard G. Ille ("ILLE"), former director and institution-affiliated party of Oak Tree Savings Bank, S.S.B., New Orleans, Louisiana, and its predecessors (Dixie Savings and Loan Association, New Orleans, Louisiana; Landmark Savings Bank, New Orleans, Louisiana; and St. Bernard Savings and Loan Association, Chalmette, Louisiana) (collectively, "OAK TREE" or the "INSTITUTION"), hereby stipulate and agree as follows:

1. Consideration. The OTS, pursuant to Section 8(b) of the Federal Deposit Insurance Act ("FDIA), 12 U.S.C. § 1818(b), commenced an administrative proceeding against ILLE in the cause entitled, In the Matter of: BERNARD G. ILLE, Director of Landmark Land Company, Inc., Carmel California and Former Director of Oak Tree Savings Bank, S.S.B., New Orleans Louisiana (and others), OTS

Order No. AP 91-89, dated November 21, 1991 ("Notice of Charges"). The Notice of Charges is incorporated herein by this reference as if fully set forth.

Without admitting or denying the statements and conclusions of the OTS, except those contained in Paragraph 3 of this Stipulation and Consent to Entry of Order to Cease and Desist ("Consent"), ILLE desires to settle the said administrative proceedings and to avoid the time and expense of such administrative litigation in accordance with Rule 408 of the Federal Rules of Evidence. ILLE hereby stipulates and agrees to the following terms in consideration of the dismissal by the OTS of the Notice of Charges as it applies to him, and the further agreement of the OTS to forbear from initiating any other civil or administrative proceeding against ILLE arising out of ILLE's actions, known to the OTS, discovered by the OTS prior to the issuance of the attached Order, or subsequently discovered as a result of the formal examination of OAK TREE and its subsidiaries, as authorized by OTS Resolution No. DAL-91-08, dated February 15, 1991.

ILLE, without trial or findings of fact pursuant to an administrative hearing, has consented to the terms of this Consent.

The OTS has determined that it is appropriate, and in the best interest of the public, to execute this Consent and the attached Order to Cease and Desist ("Order"). The OTS determination is based upon available evidence and testimony. The OTS has further

determined that there is sufficient evidence, in its opinion, to prove the allegations of the Notice of Charges filed against ILLE.

This Consent and the Order do compromise, settle, dismiss, and resolve the Notice of Charges, but do not in any way affect any civil actions, charges against, or liability of ILLE that may be or have been brought by the Resolution Trust Corporation or any other governmental entity other than the OTS.

2. Jurisdiction.

(a) OAK TREE was a "savings association" within the meaning of Section 3(b) of the FDIA, 12 U.S.C.A. § 1813(b) (West 1989 & Supp. 1992) and Section 2(4) of the Home Owners' Loan Act ("HOLA"), 12 U.S.C.A. § 1462(4) (West Supp. 1992). Accordingly, it is an "Insured depository institution" as that term is defined in Section 3(c) of the FDIA, 12 U.S.C.A. § 1813(c), as amended.

(b) Until August 9, 1989, the Federal Home Loan Bank Board ("FHLBB") was the regulatory agency with jurisdiction over OAK TREE and persons participating in the conduct of the affairs thereof, including ILLE, pursuant to Section 5 of the HOLA, 12 U.S.C.A. § 1464.

(c) As of August 9, 1989, pursuant to Section 3(q) of the FDIA, as amended by Section 204 of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 ("FIRREA"), 12

U.S.C.A. § 1813(q), 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 affairs thereof.

(d) ILLE, as a former director of OAK TREE, and as a person who additionally participated in the conduct of the affairs of OAK TREE, is deemed to be an "institution-affiliated party" of OAK TREE as that term is defined by Section 3(u) of the FDIA, 12 U.S.C.A. § 1813(u), having served in such capacity within six years of the date of the execution of this Consent.

(e) Pursuant to Section 3 of the FDIA, as amended, the OTS is the "appropriate Federal banking agency" to maintain cease and desist proceedings against institution-affiliated parties of OAK TREE. Therefore, ILLE is subject to the authority of the OTS to initiate and maintain cease and desist proceedings against him, pursuant to Section 8(b) of the FDIA, 12 U.S.C.A. § 1818(b).

3. Admissions. ILLE hereby specifically acknowledges and admits that the following are true:

(a) ILLE was a member of the board of directors of OAK TREE from 1982 until October 10, 1991.

(b) From and after February 13, 1989, ILLE was aware that the OTS and its predecessor agency, the FHLBB, had criticized numerous serious underwriting deficiencies on loans approved by OAK TREE's Master Loan Committee, specifically with regard to large

commercial loans over one million dollars (\$1,000,000).

(c) OAK TREE's Master Loan Committee membership included Gerald G. Barton ("BARTON") and William W. Vaughan, III ("VAUGHAN"). The Master Loan Committee routinely met at the offices of Landmark Land Company, Inc., in Carmel, California.

(d) ILLE relied on reports and representations of senior OAK TREE management, and specifically on representations made by BARTON, that the underwriting deficiencies cited in the OTS/FHLBB reports of examination were being addressed and resolved by OAK TREE.

(e) As a director, from and after February 13, 1989, ILLE failed to investigate and make an independent determination that underwriting deficiencies as described above had in fact been addressed and resolved.

(f) On October 11, 1991, the following wholly-owned first or second tier subsidiaries ("SUBSIDIARIES") of OAK TREE filed bankruptcy petitions for relief under Chapter 11 of the United States Bankruptcy Code in the United States District Court for the District of South Carolina:

- 1) Landmark Land Company of California, Inc.
- 2) Landmark Land Company of Carolina, Inc.
- 3) Landmark Land Company of Florida, Inc.
- 4) Landmark Land Company of Oklahoma, Inc.
- 5) Landmark Land Company of Louisiana, Inc.
- 6) Clock Tower Place Investments, Ltd.

(g) ILLE did not participate in any manner in the bankruptcy filings by the six SUBSIDIARIES of OAK TREE on October 11, 1991. ILLE first became aware of the bankruptcy filings

during a telephone call from BARTON in the evening of October 10, 1991, wherein BARTON informed ILLE the six SUBSIDIARIES would file bankruptcy the next morning.

(h) On October 10, 1991, after learning of that the six SUBSIDIARIES of OAK TREE would file for bankruptcy, ILLE resigned as a Director of OAK TREE; however, ILLE did not notify other OAK TREE Directors, appropriate OAK TREE management, or the OTS of the pending bankruptcy filings.

4. Consent. Without admitting or denying the allegations set forth in the Notice of Charges (except those contained in Paragraph 3 above), ILLE consents to the issuance by the OTS of the Order, a copy of which is attached hereto. ILLE further agrees to comply with the terms of the Order upon issuance and stipulates that the Order complies with all the requirements of Section 8(b) of the FDIA, 12 U.S.C.A. § 1818(b).

5. Finality. The Order is issued under Section 8(b) of the FDIA, 12 U.S.C.A. § 1818(b). Upon its issuance, 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).

6. Waivers. ILLE waives his right to the administrative hearing provided by Section 8(b) of the FDIA, 12 U.S.C.A. § 1818(b), and further waives any right to seek judicial review of the Order, including any such right provided by Section 8(h) of the



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RE: Resolution No. DAL-93-07

DATED: April 1, 1993

ORDER TO CEASE AND DESIST

WHEREAS, Bernard G. Ille ("ILLE") has executed a Stipulation and Consent to Entry of an Order to Cease and Desist ("Consent"), which is incorporated herein by reference and is accepted and approved by the Office of Thrift Supervision ("OTS"), acting by and through its Midwest Regional Director ("Regional Director"); and

WHEREAS, ILLE has consented and agreed in the Consent to the issuance of this Order to Cease and Desist ("Order");

NOW THEREFORE, THE OTS ORDERS AS FOLLOWS:

1. ILLE shall cease and desist from any unsafe or unsound practice as an institution-affiliated party within the meaning of Section 3(u) 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.A. § 1818(u).

2. When, as a director, officer or controlling person of a federally insured depository institution, ILLE has reason to know, by way of regulatory criticism or otherwise, of any unsafe and unsound practice or violation of law or regulation in which the institution has engaged or is about to engage, ILLE shall:

(a) make independent inquiries and review pertinent documentation and regulations as appropriate, rather than relying solely on representations of others, to determine that alleged unsafe and unsound practices and/or regulatory violations by such institution are corrected; and

(b) submit for approval by the institution's board of directors, adequate policies and procedures to prevent recurrence of such practices and/or violations by the institution.

3. ILLE shall cease and desist from any acts, omissions, or practices which constitute a breach of fiduciary duty to any federally insured depository institution.

4. As a director, officer or controlling person of a federally insured depository institution, or any holding company thereof, ILLE shall obtain advice of competent counsel on his duties and responsibilities, both initially upon accepting such a position and when particular issues arise that may cause ILLE to be uncertain about his responsibilities.

