

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

IN THE MATTER OF:

REGIONAL S & L INVESTORS, INC.,
Denver, Colorado,
Special Limited Partner of Essex
Financial Partners, L.P.

Resolution No.: ATL-93-18

Dated: May 5, 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 Southeast Region ("Regional Director") and REGIONAL S & L INVESTORS, INC., Denver, Colorado ("Regional"), Special Limited Partner of Essex Financial Partners, L.P. ("EFP"), stipulate and agree as follows:

1. Consideration.

The OTS, based upon information reported to it and derived from the exercise of its supervisory and regulatory powers, is of the opinion that grounds exist to initiate administrative cease and desist proceedings against Regional pursuant to Section 10(g) of the Home Owners' Loan Act of 1933 ("HOLA"), 12 U.S.C. § 1467a(g), and Section 8(b) of the Federal Deposit Insurance Act ("FDIA"), 12 U.S.C. § 1818(b). Regional desires to cooperate with

the OTS and to avoid the time and expense of such administrative proceedings and, without admitting or denying that such grounds exist, hereby stipulates and agrees to the following terms in consideration of the forbearance by the OTS from initiating such administrative cease and desist proceedings against Regional and of the release specified at pages two and three of the accompanying Order to Cease and Desist ("Order"), with respect to the matters covered in this Stipulation and Consent to Entry of Order to Cease and Desist ("Stipulation") and the accompanying Order.

2. Jurisdiction and Basis for Order.

(a) EFP is a Delaware corporation and a multiple savings and loan holding company with sole ownership and control over Essex Bancorp, Inc., Virginia Beach, Virginia, a multiple savings and loan holding company ("Bancorp"), with sole ownership and control over Essex Savings Bank, F.S.B., Lake Worth, Florida ("Essex-Florida"), 99% ownership and control over Essex Savings Bank, FSB, Elizabeth City, North Carolina ("Essex-NC"), and 90% ownership and control over Essex Savings Bank, F.S.B., Emporia, Virginia ("Essex-Virginia") (collectively "the Institutions").

(b) Essex-Florida, Essex-NC, and Essex-Virginia are "savings association(s)" within the meaning of Section 3(b) of the FDIA, 12 U.S.C. § 1813(b) and Section 2(4) of the HOLA, 12 U.S.C. § 1462(4). Accordingly, each is an "insured depository institution" as that term is defined in Section 3(c) of the FDIA, 12 U.S.C. § 1813(c).

(c) OTS is of the opinion that Regional is a "savings and loan holding company" as that term is defined in Section 10(a)(1)(D) of the HOLA, 12 U.S.C. § 1467a(a)(1)(D) for the reason indicated in subparagraph (e) below.

(d) Pursuant to Section 3(q) of the FDIA, 12 U.S.C. § 1813(q), the Director of the OTS is the "appropriate Federal Banking agency" to maintain administrative cease and desist proceedings against a savings and loan holding company. Thus, Regional is subject to the jurisdiction and authority of the OTS to initiate and maintain an administrative cease and desist proceeding against it pursuant to Section 10(g) of the HOLA, 12 U.S.C. § 1467a(g) and Section 8(b) of the FDIA, 12 U.S.C. § 1818(b).

(e) OTS is of the opinion that Regional engaged in a violation of the Savings and Loan Holding Company Act ("SLHCA"), 12 U.S.C. § 1467a, and of 12 C.F.R. Part 574 when it failed to obtain the required written approval of the Director of the OTS prior to the May 1, 1992 replacement of the previously approved corporate general partner of EFP, Essex Financial Group ("Former General Partner") with a new corporate general partner. OTS, based upon the information available to it, is of the opinion that replacement of the Former General Partner did not adversely affect the financial condition of Bancorp or the Institutions.

3. Consent.

Regional, without admitting or denying that grounds exist to initiate administrative cease and desist proceedings against it,

consents to the issuance by the OTS of the accompanying Order. Regional further agrees to comply with the terms, provisions, and conditions of the Order upon issuance and stipulates that the Order complies with all requirements of law.

4. Finality.

The Order is issued under 12 U.S.C. § 1467a(g), and 1818(b). Upon the effective date of the Order, it shall be a final order, effective and fully enforceable by the OTS under the provisions of Section 10(g)(5)(B) of the HOLA, 12 U.S.C. § 1467a(g)(5)(B) and Section 8(i) of the FDIA, 12 U.S.C. § 1818(i).

5. Waivers.

Regional waives its right to a notice of charges and the administrative hearing provided by 12 U.S.C. §§ 1467a(g) and 1818(b), and further waives its right to seek judicial review of the Order, including any such right provided by 12 U.S.C. § 1818(h) or otherwise to challenge the validity of the Order.

6. Other Actions, Proceedings and Parties.

By entering into this Stipulation, Regional acknowledges and agrees explicitly that this Stipulation and the accompanying Order are issued to settle this proceeding as specified in the Order.

7. No Indemnification.

Regional shall neither cause nor permit Essex-Florida, Essex-NC, or Essex-Virginia or any subsidiaries thereof (the "Institutions") to incur, directly or indirectly, any expense relative to the negotiation and issuance of the Order, nor obtain any indemnification (or other reimbursement) from the Institutions

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_____)	
IN THE MATTER OF:)	
)	
REGIONAL S & L INVESTORS, INC.,)	Resolution No.: ATL-93-18
Denver, Colorado,)	
)	Dated: May 5, 1993
Special Limited Partner of Essex)	
Financial Partners, L.P.)	
_____)	

ORDER TO CEASE AND DESIST

WHEREAS, REGIONAL S & L INVESTORS, INC., Denver, Colorado ("Regional"), Special Limited Partner of Essex Financial Partners, L.P. ("EFP"), has executed a Stipulation and Consent to Entry of Order to Cease and Desist ("Stipulation"), which is incorporated herein by reference and is accepted and approved by the Office of Thrift Supervision ("OTS"), acting through its duly authorized Regional Director for the Southeast Region; and

WHEREAS, EFP is a Delaware corporation and a multiple savings and loan holding company, with sole ownership and control over Essex Bancorp, Inc., Virginia Beach, Virginia, a multiple savings and loan holding company ("Bancorp"), with sole ownership and control over Essex Savings Bank, F.S.B., Lake Worth, Florida ("Essex-Florida"), 99% ownership and control over Essex Savings Bank, Inc., Elizabeth City, North Carolina ("Essex-NC"), and 90%

ownership and control over Essex Savings Bank, F.S.B., Emporia, Virginia ("Essex-Virginia"); and

WHEREAS, Regional, without admitting or denying that grounds exist to initiate administrative cease and desist proceedings against it, has, in the Stipulation, consented to the issuance of this Order to Cease and Desist ("Order") pursuant to Section 10(g) of the Home Owners' Loan Act of 1933 ("HOLA"), 12 U.S.C. § 1467a(g), and Section 8(b) of the Federal Deposit Insurance Act ("FDIA"), 12 U.S.C. § 1818(b).

NOW THEREFORE, IT IS ORDERED that Regional and its directors, officers, employees, and agents shall cease and desist from any action (alone or with another or others) for or toward causing, bringing about, participating in, counseling or the aiding and abetting of any violation of:

1. The Savings and Loan Holding Company Act, 12 U.S.C. § 1467a, and
2. 12 C.F.R. Part 574.

FURTHER, this Order constitutes the final disposition, as to Regional, its sole-stockholder, Paine Webber Group, Inc., PaineWebber Incorporated, and their respective directors, officers and employees and Thrift Management Services I, Inc. and its president and sole-director Gene Ross, of OTS enforcement claims relating to the ownership and alleged control of EFP, Bancorp, Essex-Florida, Essex-NC, and Essex-Virginia. Accordingly, OTS, hereby releases and forever discharges, Regional, Paine Webber Group, Inc., PaineWebber Incorporated, and their respective

directors, officers and employees, and Thrift Management Services I, Inc., and Gene Ross from any and all claims, rights, damages, demands or causes of action which the OTS has had or now has, whether known or unknown, that exist as of the effective date of this Order, relating to the ownership and control of EFP, Bancorp, Essex-Florida, Essex-NC, and Essex-Virginia.

All technical words or phrases used in this Order, for which meanings are not specified or otherwise provided by the provisions of this Order shall, insofar as applicable, have meanings as defined in the rules and regulations adopted by the OTS (including, without limitation, 12 C.F.R. § 500.1 et seq., § 541.1 et seq., and § 561.1 et seq.) Any such technical words or terms used in this Order and undefined in said rules and regulations shall have meanings that accord with the best custom and usage in the savings association industry.

This Order shall be effective as of the date hereof, and shall remain effective and enforceable, except to the extent that, and until such time as, any provisions of this Order shall have been suspended, waived, or terminated by the OTS.

The terms and provisions of this Order shall be binding upon, and inure to the benefit of, the parties hereto and their successors in interest.

It is understood that the execution of this Order shall not be construed as an approval of any pending application or notice filed with the OTS as of the date of this Order.

In the event any provision of this Order shall be declared

invalid, illegal, or unenforceable; the validity, legality, and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

This Order shall remain in effect until terminated, modified, or suspended by the OTS, acting through the Regional Director for the Southeast Region.

IT IS SO ORDERED on this 5th day of May, 1993.

OFFICE OF THRIFT SUPERVISION

/S/

By: _____
John E. Ryan
Southeast Regional Director