

UNITED STATES OF AMERICA  
Before The  
OFFICE OF THRIFT SUPERVISION

IN THE MATTER OF:

JOHN H. STOWE, a Controlling  
Stockholder, former Officer,  
Chairman of the Board, and an  
Institution-Affiliated Party  
of Davy Crockett Federal  
Savings Bank, Crockett, Texas

RE: OTS AP 93-42

DATED: May 18, 1993

STIPULATION AND CONSENT TO ENTRY OF  
ORDER OF PROHIBITION AND ORDER TO CEASE  
AND DESIST FOR AFFIRMATIVE RELIEF

The Office of Thrift Supervision ("OTS"), by and through its Regional Director for the Midwest Regional Office ("Regional Director"), and John H. Stowe ("STOWE"), former director and institution-affiliated party of Davy Crockett Federal Savings Bank, Crockett, Texas ("DAVY CROCKETT" or the "INSTITUTION"), hereby stipulate and agree as follows:

1. Consideration. The OTS, pursuant to Sections 8(b) and (e) of the Federal Deposit Insurance Act ("FDIA"), 12 U.S.C.A. §§ 1818(b) and (e) (West 1989 & Supp. 1992), commenced an administrative proceeding against STOWE in the cause entitled, In the Matter of: John H. Stowe, a Controlling Stockholder, former Officer and Chairman of the Board and an Institution-Affiliated Party of Davy Crockett Federal Savings Bank, Crockett, Texas, OTS

Page 2

Order No. AP 93-9, dated February 3, 1993 ("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, STOWE desires to settle the said administrative proceedings and to avoid the time and expense of such administrative litigation. STOWE hereby stipulates and agrees to the following terms in consideration of the dismissal by the OTS of the Notice of Charges, and the further agreement of the OTS to forbear from initiating any other civil or administrative proceeding against STOWE arising out of STOWE's actions, known or discovered by the OTS prior to the issuance of the attached Order of Prohibition and Order to Cease and Desist for Affirmative Relief ("Order").

STOWE, without trial or findings of fact pursuant to an administrative hearing, has consented to the terms of this Stipulation and Consent to Entry of Order of Prohibition and Order to Cease and Desist for Affirmative Relief ("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. The OTS determination is based upon available evidence and testimony and, in part, is based in reliance upon the Statement of

Financial Affairs dated May 29, 1992, and filed by STOWE under penalty of perjury in the U.S. Bankruptcy Court for the Northern District of Texas, Dallas Division, which reflects STOWE's negative net worth. The OTS has further determined that there is sufficient evidence, in its opinion, to prove the allegations of the Notice of Charges filed against STOWE.

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 STOWE (including any that may arise pursuant to the Notice of Charges or otherwise), that may be or have been brought by the Resolution Trust Corporation or any other governmental entity other than the OTS.

2. Jurisdiction.

(a) DAVY CROCKETT 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

DAVY CROCKETT and persons participating in the conduct of the affairs thereof, including STOWE, 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), the OTS succeeded to the interests of the FHLBB with respect to the supervision and regulation of all savings associations.

(d) Upon the acquisition and organization of DAVY CROCKETT on July 20, 1987, STOWE became a controlling stockholder, director and President, and on August 21, 1989, STOWE became Chief Executive Officer of the INSTITUTION. STOWE resigned as an officer and director of DAVY CROCKETT, effective March 30, 1990. At all times relevant hereto, STOWE was variously an officer, director and person participating in the conduct of the affairs of DAVY CROCKETT and an institution-affiliated party of DAVY CROCKETT, as defined at 12 U.S.C.A. § 1813(u), having served in such capacities within the six (6) years prior to the date 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

DAVY CROCKETT. Therefore, STOWE is subject to the authority of the OTS to initiate and maintain prohibition and cease and desist proceedings against him, pursuant to Sections 8(b) and (e) of the FDIA, 12 U.S.C.A. §§ 1818(b) and (e).

3. Application of Payments. Payments made to the OTS by STOWE pursuant to the Order, shall be applied as follows:

- (a) All amounts received up to \$15,916.00 will be applied by the OTS to its investigation and litigation expenses.
- (b) After \$15,916.00 has been applied as indicated above, payments from STOWE up to \$14,484.49 will be transferred by the OTS to the RTC as Receiver for DAVY CROCKETT, to repay the legal fees paid on STOWE's behalf, as described in Paragraphs 13-17 of the Notice of Charges; and
- (c) All remaining payments from STOWE as required by the Order, will be transferred by the OTS to the RTC as Receiver for DAVY CROCKETT, to be applied to the loans to Advisory Directors, as described in Paragraphs 29-37 of the Notice of Charges.

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

STOWE acknowledges and agrees that the OTS may disclose any financial information that it has received or receives from STOWE, to any agency or department of the federal government or any officer or employee thereof or any agency or department of any state government or officer or employee thereof, which financial information establishes a factual basis for a good faith belief by the OTS that a violation of any law, rule, regulation or order enforced by such agency or department has occurred or is likely to occur. However, the OTS shall provide STOWE notice that such disclosure has been made.

5. Finality. The Order is issued under Sections 8(b) and (e) of the FDIA, 12 U.S.C.A. §§ 1818(b) and (e). 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), and subject to the provisions of Section 8(j) of the FDIA, 12 U.S.C.A. § 1818(j).

7. Waivers. STOWE waives his right to the administrative hearing provided by Sections 8(b) and (e) of the FDIA, 12 U.S.C.A. §§ 1818(b) and (e), and further waives any 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. STOWE waives any claim for attorney's fees or expenses under the Equal Access to Justice Act, 5 U.S.C.A. § 504.



UNITED STATES OF AMERICA  
Before The  
OFFICE OF THRIFT SUPERVISION

IN THE MATTER OF:

JOHN H. STOWE, a Controlling  
Stockholder, former Officer,  
Chairman of the Board, and an  
Institution-Affiliated Party  
of Davy Crockett Federal  
Savings Bank, Crockett, Texas

RE: OTS AP 93-42

DATED: May 18, 1993

ORDER OF PROHIBITION AND ORDER  
TO CEASE AND DESIST FOR AFFIRMATIVE RELIEF

WHEREAS, John H. Stowe ("STOWE") has executed a Stipulation and Consent to Entry of an Order of Prohibition and Order to Cease and Desist for Affirmative Relief ("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, STOWE has consented and agreed in the Consent to the issuance of this Order of Prohibition and Order to Cease and Desist for Affirmative Relief ("Order");

NOW THEREFORE, THE OTS ORDERS AS FOLLOWS:

1. STOWE is prohibited from further participation, in any manner, in the conduct of the affairs of Davy Crockett Federal Savings Bank, Crockett, Texas or any of its subsidiaries ("DAVY CROCKETT" or the "INSTITUTION.")

2. Without the prior written approval of the Regional Director and, if appropriate, another federal financial institutions regulatory agency, STOWE 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 Federal Deposit Insurance Act ("FDIA"), 12 U.S.C.A. § 1818(e)(7)(A) (West 1989 and Supp. 1992). Pursuant to Section 8(e)(6) of the FDIA, 12 U.S.C.A. § 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. Upon becoming an institution-affiliated party in the future, STOWE shall cease and desist from committing, or aiding and abetting the commitment of, unsafe and unsound practices, breaches of fiduciary duty and violations of laws, rules and regulations that are applicable to insured depository institutions.

FINANCIAL DISCLOSURE

4. Until such time as the obligation set forth in Paragraph 8 of this Order is fully satisfied and extinguished, STOWE shall submit to the OTS the following annual financial disclosures,

accompanied by sworn affidavits under penalty of perjury by STOWE, stating that the accompanying financial disclosure is true and correct:

(a) a current statement of the financial condition of STOWE as of the most recent calendar year-end in a form satisfactory to the OTS;

(b) copies of all filed income tax returns and related schedules filed by STOWE for the most recent calendar year;

(c) a statement setting forth all transfers made by STOWE (since the date of the previous statement of such transfers made by STOWE pursuant to this Order) to his spouse or dependent children, and all transfers made to STOWE by his spouse or dependent children, from any source that singularly, or when aggregated with other payments or transfers from the same source, exceed \$5,000, along with a statement setting forth the nature of each such transfer; and

(d) a statement of all assets of any nature whatsoever, including gifts and bequests, received by STOWE (since the date of the previous financial disclosure made by STOWE pursuant to this Order), the value of which exceed by \$5,000 or more, the amount of any consideration paid by STOWE for the asset.

5. Financial disclosures required by Paragraph 4 of this Order shall be submitted to the OTS by STOWE within ten (10) days

of the date STOWE's income tax return is filed with the Internal Revenue Service ("IRS") for the previous calendar year, but in any event, no later than August 15th, of each year until the obligation hereunder is fully satisfied and extinguished.

6. Solely for the purpose of assessing the accuracy of representations made by STOWE in the financial disclosures required by this Order, STOWE shall, upon reasonable notice and without service of a subpoena or other process, permit the OTS to inspect and copy all books, records, receipts and documentation of any nature whatsoever that he maintains or are under his control, which support, document or in any way relate to such financial disclosures.

7. STOWE shall provide to the OTS, upon request, a signed waiver in a form satisfactory to the IRS, permitting the OTS to obtain access to all tax returns and tax return information maintained by the IRS with respect to STOWE for calendar year 1989 through the date the obligation specified by Paragraph 8 of this Order is fully satisfied and extinguished.

RESTITUTION:

8. From and after the date of issuance of this Order, STOWE shall be individually obligated to make restitution to Davy Crockett Federal Savings Bank, Crockett, Texas, its successors and

assigns, and to reimburse the OTS for its costs of investigation, in the amount of \$139,526.62, without interest. This restitution is necessary to correct the conditions resulting from the breaches of fiduciary duty, unsafe or unsound practices and violations of law, regulations and rules set forth against STOWE in the administrative proceeding against STOWE in the cause entitled, In the Matter of: John H. Stowe, a Controlling Stockholder, former Officer and Chairman of the Board and an Institution-Affiliated Party of Davy Crockett Federal Savings Bank, Crockett, Texas, OTS Order No. AP 93-9, dated February 3, 1993.

9. In satisfaction of the obligation specified above, STOWE shall make annual payments to the OTS in accordance with the following schedule, based on STOWE's total income for 1993 and each year thereafter, as set forth on Lines 7-12 of the 1992 IRS Form 1040, a copy of which is attached hereto, and as reported on STOWE's income tax return filed with the IRS for the prior calendar year:

<u>Total Annual Income</u>	<u>Payable to OTS</u>
0 - \$ 35,000	0
\$35,001 - \$ 50,000	15 %
\$50,001 - \$100,000	25 %
Over \$100,000	50 %

10. The annual payments required pursuant to Paragraph 9 of this Order shall be made within ten days of the date STOWE's income

tax return is filed with the IRS, but in no event shall such payment be made later than August 15th of each year until the obligation is satisfied and extinguished in full. The full remaining balance of the obligation specified in Paragraph 8 of this Order shall become immediately due and payable upon STOWE's failure to make any annual payment in the amount and by the date required by this Order, or upon the OTS' determination that STOWE's financial information submitted pursuant to Paragraph 4 of this Order is false or inaccurate in any respect.

10. STOWE's obligation to make restitution pursuant to this Order is his sole and separate obligation and will not be reduced by payments made to any entity, other than the OTS or its successor, by or on behalf of STOWE, and will not be reduced by or subject to an offset as a result of any payment made by or on behalf of any other person or entity.

11. All payments by STOWE and all financial disclosures by STOWE that are required by this Order shall be delivered to:

Midwest Regional Director  
Office of Thrift Supervision  
122 West John Carpenter Freeway  
P. O. Box 619027  
Irving, Texas 75039

