

**UNITED STATES OF AMERICA
Before The
OFFICE OF THRIFT SUPERVISION**

In the Matter of)

Edgar R. Blair)
Former Director and Officer of)
First Savings and Loan)
Association)
Borger, Texas)
_____)

Re: No.: DAL-93-27

Dated: August 2, 1993

**STIPULATION AND CONSENT TO THE ENTRY
OF A CEASE AND DESIST ORDER**

WHEREAS, the Office of Thrift Supervision ("OTS"), based upon information derived from the exercise of its regulatory responsibilities, has informed Edgar R. Blair ("Blair"), former director and officer of First Savings and Loan Association, Borger, Texas (OTS No. 5327), (the "Association" or "First Savings"), that the OTS is of the opinion that the grounds exist to initiate an administrative cease and desist proceeding against Blair pursuant to Section 8(b) of the Federal Deposit Insurance Act ("FDIA"), 12 U.S.C. § 1818(b)¹; and

WHEREAS, Blair desires to cooperate with the OTS and to avoid the time and expense of such administrative litigation, hereby stipulates and agrees to the following terms:

1. JURISDICTION AND OTS's FINDINGS OF FACTS

- (a) Until August 9, 1989, the Federal Savings and Loan Insurance Corporation (the "FSLIC") was the regulatory agency with jurisdiction over federally insured, state-chartered savings associations,

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1. All references in the Stipulation and Consent and the Order to Cease and Desist to the United States Code are as amended.

pursuant to Section 407 of the National Housing Act ("NHA"), 12 U.S.C. § 1730. The Federal Home Loan Bank Board ("FHLBB") was the operating head of the FSLIC. FSLIC and FHLBB hereinafter are referred to as FHLBB. The Federal Home Loan Bank of Dallas ("FHLB-Dallas") was, at all times relevant hereto the agent and representative of the FHLBB in supervising and examining savings and loan holding companies and savings associations located in Texas.

(b) As of August 9, 1989, pursuant to the provisions of the Financial Institutions Reform, Recovery and Enforcement Act of 1989, Pub. L. No. 101-73, 103 Stat. 183 ("FIRREA"), the OTS succeeded the FSLIC as the regulatory agency charged with the supervision and regulation of all savings associations and savings and loan holding companies under the provisions of Federal Deposit Insurance Act ("FDIA"), Sections 3(q)(4) and 8(b), 12 U.S.C. §§ 1813(q)(4) and 1818(b).

(c) First Savings was a state-chartered savings association organized under the laws of the State of Texas, and was a savings association as defined by Section 3(b) of the FDIA, 12 U.S.C. § 1813(b) and Sections 2(4) of the Home Owners' Loan Act, 12 U.S.C. § 1462(4). Accordingly, it was an "insured

depository institution" as defined by Section 3(c)(1) of the FDIA, 12 U.S.C. § 1813(c)(1), and an insured institution as defined by NHA Section 408(a), formerly 12 U.S.C. § 1730a(a), whose accounts were insured by the FSLIC.

(d) Blair, at all times relevant to the allegations set forth herein, was a director and officer of the Association and as such is deemed to be an "institution-affiliated party" as defined in Section 3(u) of the FDIA, 12 U.S.C. § 1813(u), having served in such capacity within 6 years of the date hereof. (See 12 U.S.C. § 1818(i)(3)).

(e) The OTS, as successor to the FSLIC, and pursuant to Section 3(q) of the FDIA, 12 U.S.C. § 1813(q), is the "appropriate Federal banking agency" to maintain an enforcement proceeding against such a savings association and/or its institution-affiliated parties. Therefore, Blair is subject to the authority of the OTS to initiate and maintain a cease and desist proceeding against him pursuant to Section 8(b) of the FDIA, 12 U.S.C. § 1818(b).

(f) Following are the grounds for this cease and desist action. Contrary to safe and sound practices, in violation of 12 C.F.R. § 571.7, and in breach of fiduciary duty to First Savings:

(i) During the period of September 1985 and July 1989, Blair caused First Savings to

pay \$17,975 to Alfonso and Reyna Sanchez for work performed on Blair's personal behalf;

(ii) During the period September 1985 to July 1989, Blair caused First Savings to pay \$59,666.67 in salary and \$6,812 in medical insurance premiums to Michael Floyd for work performed on Blair's personal behalf; and

(iii) During the period of June 1988 to September 1989, Blair caused First Savings to provide him compensation of \$34,123.50 deemed to be excessive and inappropriate.

2. CONSENT

- (a) Blair consents to the issuance by the OTS of the accompanying Cease and Desist Order. He further agrees to comply with its terms upon issuance and stipulates that the Order complies with all requirements of law, including Section 8(b) of the FDIA, 12 U.S.C. § 1818(b).
- (b) Blair acknowledges and agrees that the restitution obligation under the Cease and Desist Order is not dischargeable under the Bankruptcy Code, in accordance with 11 U.S.C. § 523(a)(11) and (12), and waives any right to seek discharge of such obligation in any bankruptcy proceeding.

3. **FINALITY**

The Order is issued by the OTS under the authority of Section 8(b) of the FDIA, 12 U.S.C. § 1818(b). Upon issuance of the Order, it shall be a final order that is effective and fully enforceable by the OTS under the provisions of Section 8(i) of the FDIA, 12 U.S.C. § 1818(i).

4. **WAIVERS**

Blair waives the following rights:

- (a) the right to be served with a written notice of the OTS's charges against him (see Section 8(b) of the FDIA, 12 U.S.C. § 1818(b));
- (b) the right to an administrative hearing of the OTS's charges against him (see Section 8(b) of the FDIA, 12 U.S.C. § 1818(b));
- (c) the right to seek judicial review of the Order, including, without limitation, such right provided by Section 8(h) of the FDIA, 12 U.S.C. § 1818(h), or otherwise to challenge the validity of the Order; and
- (d) any and all claims for the award of fees, costs or other expenses related to this OTS enforcement matter and/or Order, whether arising under common law or under the Equal Access of Justice Act, 5 U.S.C. § 504 and 28 U.S.C. § 2412.

5. **ACKNOWLEDGMENTS**

- (a) Blair acknowledges and agrees that this Stipulation and Consent, the Order and the payment by Blair of any monies or providing any other financial relief as

