

UNITED STATES OF AMERICA  
Before The  
OFFICE OF THRIFT SUPERVISION

In the Matter of )  
David L. Houston )  
Former President, Chief )  
Executive Officer and )  
Director of Equity Bank for )  
Savings, F.A. )  
Oklahoma City, Oklahoma )

Re: Resolution No. TOP-92-16  
Dated: May 22, 1992

STIPULATION AND CONSENT TO  
ISSUANCE OF ORDER OF PROHIBITION

The Office of Thrift Supervision ("OTS"), by and through its Regional Director for the Midwest Regional Office, and David L. Houston, former president, chief executive officer and director ("Houston"), Equity Bank for Savings, F.A., Oklahoma City, Oklahoma ("Equity Bank" or 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 Houston, pursuant to Section 407(g) of the National Housing Act of 1934 ("NHA"), 12 U.S.C. § 1730(g), and Section 8(e) of the Federal Deposit Insurance Act ("FDIA"), as amended by the Financial Institution Reform, Recovery, and Enforcement Act of 1989, Pub. L. No. 101-73, 103 Stat. 183 ("FIRREA"), 12 U.S.C. § 1818(e) (1988 & Supp. I 1989).

Houston desires to cooperate with the OTS and to avoid the time and expense of such administrative litigation. Without admitting or denying the statements, conclusions or terms herein, Houston hereby stipulates and agrees to the following terms in consideration of the forbearance of OTS from initiating such administrative prohibition litigation against him.

2. Jurisdiction. The OTS is of the opinion that:

(a) The Institution is a "savings association" within the meaning of Section 3(b) of the FDIA, 12 U.S.C. § 1813(b) (1988 and Supp. I 1989) and Section 2(4) of the Home Owners' Loan Act, as amended by Section 301 of the FIRREA, 12 U.S.C. § 1462(4) (Supp. 1989). Accordingly, it is an "insured depository institution" as that term is defined in Section 3(c) of the FDIA, as amended by the FIRREA, 12 U.S.C. § 1813(c) (1988 and Supp. I 1989).

(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 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 the 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 its affairs, including Houston:

pursuant to Sections 403 and 407 of the NHA, 12 U.S.C. §§ 1726 and 1730.

(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) (1988 and Supp. I 1989), 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) The Director of the OTS has the authority to bring administrative prohibition proceedings against persons participating in the conduct of the affairs of the Institution and institution-affiliated parties, pursuant to Section 5(d)(1)(A) of the HOLA, as amended by Section 301 of the FIRREA, 12 U.S.C. § 1464(d)(1)(A) (Supp. I 1989), and Section 8(e) of the FDIA, as amended by the FIRREA, 12 U.S.C. § 1818(e) (1988 and Supp. I 1989).

(g) Houston was at all times relevant hereto the president, co-chief executive officer and director of the Institution. Accordingly, Houston is an "institution-affiliated party" as that term is defined in Section 3(u) of the FDIA, as amended by the FIRREA, 12 U.S.C. § 1813(u) (1988 and Supp. I 1989), and as such, is subject to the authority of the OTS to maintain prohibition proceedings pursuant to Section 8(e) of the FDIA, as amended by the FIRREA, 12 U.S.C. § 1818(e) (1988 and Supp. I 1989).

(h) On or about October 24, 1984, Houston approved a \$136,212.12 commercial loan ("Original Loan") to Donald L. Stevenson ("Stevenson"). This loan was approved by Houston and funded by the Institution absent a completed loan application, appraisal, financial statement, credit report and title report. These documentation deficiencies caused the Institution to violate 12 C.F.R. Section 563.17-1(c)(1) (1984).

(i) The Original Loan contained terms which provided that should the Institution, in its sole discretion, deem the prospect of payment or performance of any liability, covenant, warranty or obligation to be impaired, an "event of default" would occur that would allow the Institution to, among other things, declare all liabilities immediately due and payable.

(j) On or about June 4, 1985, Houston approved a deferral agreement that provided for a six-month extension of the maturity and due date of the Original Loan.

(k) On or about April 23, 1986, Houston approved a \$165,000 commercial loan to Stevenson. This amount represented a refinancing of the original loan, together with capitalized interest. This loan was approved and funded absent a loan application, financial statement and appraisal. This loan also contained the terms described in subparagraph (i) above. Houston, by failing to obtain required documentation, again caused the Institution to violate 12 C.F.R. Section 563.17-1(c)(1) (1986).

(l) On or about May 9, 1989, Houston approved a \$154,519 commercial loan to Stevenson. This amount represented a refinancing of the loan described in subparagraph (k) above,

together with capitalized interest. This loan was approved and funded absent a loan application, current financial statements, current credit reports and current appraisals. This loan also contained the terms described in subparagraph (i) above. Houston, by failing to obtain required documentation, again caused the Institution to violate 12 C.F.R. Section 563.17-1(c)(1) (1989) and further violated the written lending policies of the Institution.

(m) On or about March 12, 1990, Houston approved modifications adding an obligor to the commercial loan described in subparagraph (i) above. Houston either approved or authorized Equity Bank's payment of approximately \$1,804 of expenses concerning these modifications. Equity Bank's payment of these expenses was contrary to Institution policy. Houston engaged in an unsafe and unsound practice, including violation of the lending policies of the Institution, by approving or authorizing Equity Bank's payment of these modification expenses.

(n) Houston, as an officer and director of the Institution, further engaged in an unsafe and unsound practice by failing to protect the Institution's interest concerning the loans and modifications described above and by failing to disclose at any time said loans and modifications to the Institution's board of directors.

(o) As a result of the unsafe and unsound practices and the violations described above, the Institution has established a specific reserve on the commercial loan described in paragraph (i) above, which may result in a substantial financial loss.

3. Consent. Without admitting or denying the need or basis therefor, Houston consents to the issuance by the OTS of the accompanying Order of Prohibition ("Order"). He further agrees to comply with its terms upon issuance and stipulates that the Order complies with all requirements of law.

4. Finality. The Order is issued under Section 8(e) of the FDIA, as amended by FIRREA, 12 U.S.C. §1818(e) (1988 & Supp. I 1989). Upon its issuance by the Regional Director for the Midwest Regional Office, it shall be a final order, effective and fully enforceable by the OTS under the provisions of Section 8(i) of the FDIA, as amended by FIRREA, 12 U.S.C. §1818(i) (1988 & Supp. I 1989).

5. Waivers. Houston waives his right to a notice of intention to prohibit and the administrative hearing provided by Section 8(e) of the FDIA, as amended by FIRREA, 12 U.S.C. §1818(e) (1988 & Supp. I 1989), and further waives his right to seek judicial review of the Order, including any such right provided by Section 8(h) of the FDIA, as amended by FIRREA, 12 U.S.C. §1818(h) (1988) & Supp. I 1989), or otherwise to challenge the validity of the Order.

OTS agrees to refrain from seeking the issuance of additional enforcement orders or civil money penalties against Houston with respect to any matters: (a) reported or otherwise addressed in the OTS Reports of Examination through May 7, 1990; or (b) discovered by the OTS as a result of its investigative proceeding, commenced pursuant to Midwest Regional Office Resolution No. DAL-91-13 dated March 11, 1991.



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In the Matter of )  
David L. Houston )  
Former President, Chief )  
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Director of Equity Bank for )  
Savings, F.A. )  
Oklahoma City, Oklahoma )

Re: Resolution No. TOP-92-16  
Dated: May 22, 1992

ORDER OF PROHIBITION

WHEREAS, David L. Houston ("Houston") has executed a Stipulation and Consent to Issuance of Order of Prohibition ("Stipulation"), which is accepted and approved by the Office of Thrift Supervision ("OTS") acting through its Regional Director for the Midwest Regional Office; and

WHEREAS, Houston, in the Stipulation has consented and agreed to the issuance of this Order of Prohibition ("Order") 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, Pub. L. No. 101-73, 103 Stat. 183 ("FIRREA"), 12 U.S.C. § 1818(e) (1988 & Supp. I 1989);

NOW THEREFORE, IT IS ORDERED that:

1. Houston is prohibited from further participation, in any manner, in the conduct of the affairs of Equity Bank for Savings, F.A., Oklahoma City, Oklahoma, its holding company(ies), or service corporation(s).

2. Without the prior written approval of the Regional Director for the Midwest Regional Office and, if appropriate, another Federal financial institutions regulatory agency, Houston 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) (1988 & Supp. I 1989). Pursuant to Section 8(e)(6) of the FDIA, as amended by FIRREA, 12 U.S.C. § 1818(e)(6) (1988 & Supp. I 1989), conduct prohibited by this Order includes, inter alia, the solicitation, the transfer or exercise of any voting rights with respect to any securities issued by any insured depository institution.

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

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) (1988 & Supp. I 1989), and shall become effective on the date it is issued.

THE OFFICE OF THRIFT SUPERVISION

/S/

By:

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Frederick R. Casteel  
Interim Regional Director  
Midwest Regional Office