

UNITED STATES OF AMERICA
Before The
OFFICE OF THRIFT SUPERVISION

)
In the Matter of)
PAUL A. EHLERT)
A Former Director)
of First Federal Savings)
Bank, Hempstead, Texas)
and)
First Savings Association,)
Brenham, Texas)
_____)

Resolution No. DAL-92-47

Dated: May 29, 1992

STIPULATION AND CONSENT TO THE ENTRY
OF AN ORDER TO CEASE AND DESIST

The Office of Thrift Supervision ("OTS"), by and through its Regional Director for the Midwest Regional Office in Dallas, Texas ("Regional Director"), and Paul A. Ehlert ("Ehlert"), a former Director of First Federal Savings Bank, Hempstead, Texas, ("First Federal"), and First Savings Association, Brenham, Texas ("First Savings") agree as follows:

1. CONSIDERATION.

The OTS, based upon information reported to it, is of the opinion that grounds exist to initiate an administrative cease-and-desist proceeding against Ehlert pursuant to Section 8(b) of the Federal Deposit Insurance Act ("FDIA") 12 U.S.C. § 1818(b) (1988 & Supp. I 1989), as amended by the Financial Institutions Reform, Recovery, and Enforcement Act of 1989, Pub. L. No. 101-73, 103 Stat. 183 ("FIRREA"). Ehlert desires to cooperate with the OTS and to avoid the time and expense of such administrative litigation 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 litigation against Ehlert.

2. JURISDICTION.

- (a) First Federal and First Savings at all times relevant to the allegations set forth herein were each deemed a "savings association" within the meaning of Section 3(b) of the FDIA as amended by FIRREA (to be codified at 12 U.S.C. § 1813(b)) and Section 2(4) of the Home Owners' Loan Act of 1933, 12 U.S.C. § 1462(4) (Supp. I 1989). Accordingly, each is an "insured depository institution" as that term is defined in Section 3(c) of the FDIA, as amended by FIRREA (to be codified at 12 U.S.C. § 1813(c)).
- (b) Pursuant to Section 3(q) of the FDIA, as amended by FIRREA (to be codified at 12 U.S.C. § 1813(q)), the Director of OTS is the "appropriate Federal Banking agency" to maintain an enforcement proceeding against such savings associations.
- (c) Ehlert was at all times relevant to the allegations set forth herein an institution-affiliated party of First Federal and First Savings under Section 3(u) of the FDIA, as amended by FIRREA (to be codified at 12 U.S.C. § 1813(u)) in that he served as a director of First Federal from May 26, 1988 to September 14,

1990, and as a director of First Savings from May 26, 1988 to September, 1989.

OTS alleges that in violation of 12 C.F.R. § 563.170 (c)(1) and contrary to safe and sound practices Ehlert, as a member of the board of directors of First Federal, failed to establish adequate internal controls at First Federal, the failure of which led to:

(i) the assistance payments made by the Federal Savings and Loan Insurance Corporation to First Federal in the amount of \$106,134 being entered into the books of First Savings and accordingly, First Savings had the benefit of such payments for its own accounts; and

(ii) a receivable in the amount of \$535,627 being established in the books of First Federal which receivable represented an audit adjustment to reflect that a mortgage-backed security transferred from First Savings to First Federal, as required by the assistance agreement, was the wrong mortgage-backed security, resulting in the shortage of \$535,627 to First Federal.

(d) Therefore, the OTS believes that Ehlert 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) (1988 &
Supp. I 1989).

3. CONSENT.

Ehlert consents to the issuance by the OTS of the Order. He further agrees to comply with the terms of the Order upon issuance and stipulates that the Order complies with all requirements of law.

4. FINALITY.

The Order is issued under Section 8(b) of the FDIA, 12 U.S.C. § 1818(b) (1988 & Supp. I 1989). Upon its issuance by the Regional Director, 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. § 1818(i) (1988 & Supp. I 1989).

5. WAIVERS.

Ehlert waives his right to a notice of charges and the administrative hearing provided by Section 8(b) of the FDIA, 12 U.S.C. § 1818(b) (1988 & Supp. I 1989), 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. § 1818(h) (1988 & Supp. I 1989), or otherwise to challenge the validity of the Order.

UNITED STATES OF AMERICA
Before The
OFFICE OF THRIFT SUPERVISION

In the Matter of)
)
)

PAUL A. EHLERT)
Former Director)
of First Federal Savings Bank)
Hempstead, Texas, and)
First Savings Bank,)
Brenham, Texas)
_____)

Resolution No. DAL-92-47

Dated: May 29, 1992

ORDER TO CEASE AND DESIST

WHEREAS, Paul A. Ehlert ("Ehlert") has executed a Stipulation and Consent to The Entry of A Cease and Desist Order, which is incorporated herein by reference ("Stipulation") and is accepted and approved by the Office of Thrift Supervision ("OTS"), acting through its Regional Director for the Midwest Region ("Regional Director") in Dallas, Texas, and

WHEREAS, Ehlert in the Stipulation, has consented and agreed to the issuance of this Order to Cease and Desist ("Order") pursuant to Section 8(b) of the Federal Deposit Insurance Act ("FDIA") 12 U.S.C. § 1818(b) (1988 & Supp. I 1989), as amended by the Financial Institutions Reform, Recovery and Enforcement Act of 1989, Pub. L. No. 101-73, 103 Stat. 183 ("FIRREA").

NOW THEREFORE, IT IS ORDERED that:

1. If in the future Ehlert should become a director, an officer, or an employee of any savings and loan association, he shall cease and desist from engaging in violations of 12 C.F.R. § 563.170(c)(1).

IT IS FURTHER ORDERED that:

2. Ehlert shall make reimbursement of \$1,200 for his service as a director at First Federal and/or First Savings.

[Handwritten signature]
2/2/92

Order to Cease and Desist
Page 2

3. Ehlert shall comply with Paragraph 2 by sending to the OTS, Dallas Office, a certified check for \$1,200 made payable to First Savings Association, Brenham, Texas, by June 5, 1992.

OFFICE OF THRIFT SUPERVISION

By: ^{/S/}
~~Billy C. Wood~~ Frederick R. Casteel
Interim Regional Director
Midwest Region
Dallas, Texas

Frederick R. Casteel