

UNITED STATES OF AMERICA  
BEFORE THE  
OFFICE OF THRIFT SUPERVISION

IN THE MATTER OF )  
)  
CHARLES FORTSON, A Former )  
Director of )  
Hidalgo Savings and Loan )  
Association )  
Edinburg, Texas )  
)  
MICHAEL F. FROST, A Former )  
Director of )  
Hidalgo Savings and Loan )  
Association )  
Edinburg, Texas )  
)  
GERALD GUERRA, A Former )  
Director of )  
Hidalgo Savings and Loan )  
Association )  
Edinburg, Texas )  
)  
LARRY T. HUNTER, A Former )  
Director of )  
Hidalgo Savings and Loan )  
Association )  
Edinburg, Texas )  
)

Resolution No.: DAL-92-53

Dated: July 15, 1992

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

The Office of Thrift Supervision ("OTS"), by and through its Regional Director for the Midwest Regional Office, Dallas, Texas, of OTS, and CHARLES FORTSON, MICHAEL F. FROST, GERALD GUERRA, and LARRY T. HUNTER (collectively referred to as "Respondents"), FORMER DIRECTORS of Hidalgo Savings and Loan Association, Edinburg, Texas ("Hidalgo"), 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 cease and desist proceeding against Respondents, 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"). Respondents desire 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 stipulate and agree to the following terms in consideration of the forbearance by the OTS from initiating such administrative cease-and-desist litigation against Respondents with respect to the legal fees authorized to be paid by the Respondents in 1990 for the benefit of Joseph P. Bond, Jr., Michael F. Frost, and Gerald Guerra in connection with Cause No. C-4121-89-G, Gaye Barnum v. Bond, which are covered in the accompanying Order to Cease and Desist ("Order").

2. JURISDICTION

- (a) Hidalgo, at all times relevant to the allegations set forth herein, was a "savings association" within the meaning of Section 3(b) of the FDIA, as amended by FIRREA, 12 U.S.C. § 1813(b) and Section 2(4) of the Home Owners' Loan Act, 12 U.S.C. 1462(4) (Supp. I 1989). Accordingly, it is an "insured depository institution" as that term is defined in Section 3(c) of the FDIA, as amended by FIRREA, 12 U.S.C. § 1813(c).
- (b) Gerald Guerra served as a Director at Hidalgo from 1989 to August 30, 1990. Charles Fortson served as a Director at Hidalgo from 1969 to August 30, 1990. Michael F. Frost served as a director from 1976 to August 30, 1990. Larry T. Hunter served as a director from 1977 to August 30, 1990.
- (c) Respondents were at all times relevant to the allegations set forth herein, Directors of Hidalgo and as such were "institution-affiliated parties" as that term is defined in Section 3(u) of the FDIA, as amended by FIRREA, 12 U.S.C. § 1813(u).
- (d) Pursuant to Section 3(q) of the FDIA, as amended by Section 204 of the FIRREA, 12 U.S.C. § 1813(q), the OTS is the "appropriate Federal

banking agency" to maintain an enforcement proceeding against such institution-affiliated parties. Therefore, Respondents are subject to the authority of the OTS to initiate and maintain a cease and desist proceeding against them pursuant to Section 8(b) of the FDIA, 12 U.S.C. § 1818(b) (1988 & Supp. I 1989).

3. CONSENT

- (a) Respondents consent to the issuance by the OTS of the Order. Respondents further agree to comply with the terms of the Order upon issuance and stipulate that the Order complies with all requirements of law.
- (b) Respondents acknowledge that the debt owed pursuant to the Order is not dischargeable under the Bankruptcy Code, in accordance with 11 U.S.C. § 523(a)(11) and (12), as amended by Section 2522 of the Comprehensive Thrift and Bank Fraud Protection and Taxpayer Recovery Act of 1990, Pub. L. No. 101-647, November 29, 1990.

4. FINALITY

The Order is issued under Section 8(b) of the FDIA, as amended by FIRREA, 12 U.S.C. § 1818(b). Upon its issuance by the Regional Director for the Midwest Regional Office, Dallas, Texas, OTS, 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

- (a) Respondents waive the 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 waive 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.



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ORDER TO CEASE AND DESIST

WHEREAS, Charles Fortson, Michael F. Frost, Gerald Guerra and Larry T. Hunter (collectively referred to as "Respondents") have 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 Regional Office; and

WHEREAS, Respondents, in the Stipulation, have 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, 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(b).

