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UNITED STATES OF AMERICA  
Before The  
OFFICE OF THRIFT SUPERVISION  
DEPARTMENT OF THE TREASURY

\_\_\_\_\_  
IN THE MATTER OF )  
 )  
Walter Dobbs )  
 )  
A Former President and Director )  
of Gold River Savings Bank, FSB, )  
 )  
Fair Oaks, California )  
\_\_\_\_\_ )

Re: OTS Order No. SF-92-029  
Dated: August 6, 1992

STIPULATION AND CONSENT TO ORDER TO CEASE  
AND DESIST AND ORDER OF PROHIBITION

Respondent, Walter Dobbs ("Dobbs"), the former President and Director of Gold River Savings Bank, FSB, Fair Oaks, California, hereby submits this Consent to Order to Cease and Desist and Order of Prohibition ("Consent") to the Office of Thrift Supervision of the United States Department of the Treasury ("OTS") pursuant to 12 C.F.R. § 509.20 (1991) for purposes of settlement in consideration of the OTS' terminating the already initiated administrative proceedings on the matters covered in the accompanying Order to Cease and Desist and Order of Prohibition ("Order"). The OTS is of the opinion that grounds, as set forth in the Order, exist to pursue the administrative proceeding against Dobbs pursuant to Sections 8(b) and 8(e) of the Federal Deposit Insurance Act ("FDIA"), as amended by the Financial Institutions Reform, Recovery, and Enforcement Act of 1989, Pub.

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L. No. 101-73, 103 Stat. 183 ("FIRREA") (12 U.S.C. §§ 1818(b) and (e) (1988 & Supp. I 1989)). While denying that such grounds exist, except those allegations as set forth in paragraph 1 below, which are admitted, Dobbs consents to the entry of the attached Order pursuant to Sections 8(b) and 8(e) of the FDIA, as amended by FIRREA (12 U.S.C. §§ 1818(b) and (e) (1988 & Supp. I 1989)).

1. Dobbs admits the jurisdiction of the OTS over him and over the subject matter of this action and Sections 8(b) and 8(e) of the FDIA, as amended by FIRREA (12 U.S.C. §§ 1818(b) and (e)), and admits that he was an "institution-affiliated" party of Gold River as that term is defined by Section 3(u) of the FDIA, as amended by FIRREA (12 U.S.C. § 1813(u) (1988) & Supp. I 1989)).

2. Dobbs consents to the issuance of the accompanying Order, agrees to comply with its terms upon issuance, and stipulates that the Order complies with all requirements of law.

3. Dobbs acknowledges and states that he enters into this Consent willingly and without any coercion or promises of any kind from the OTS or any officer, attorney, agent or employee thereof.

4. Dobbs hereby waives his rights to a hearing, all post-hearing proceedings, and the entry of findings of fact and conclusions of law under the Administrative Procedure Act ("APA"), 5 U.S.C. § 554-557, Sections 8(b) and 8(e) of the FDIA, as amended by FIRREA (12 U.S.C. §§ 1818(b) and (e) (1988 & Supp. I 1989)),

and the OTS Rules of Practice and Procedure in Adjudicatory Proceedings, 12 C.F.R. §§ 509.1 (1991) et. seq., or any other applicable provision of law.

5. Dobbs hereby waives his right to appeal the Order pursuant to Section 8(h) of the FDIA, as amended by FIRREA (12 U.S.C. § 1818(h) (1988) & Supp. I (1989)), or any other applicable provision of law.

6. Dobbs agrees to cooperate with the OTS, to the extent consistent with his rights under the 5th Amendment of the Constitution, by providing truthful and complete information, upon request, concerning matters relating to this investigation. This agreement to provide continued cooperation is binding only upon the OTS and Dobbs, and specifically does not bar, compromise, or affect in any way any agreement Dobbs makes or has made with any other governmental agency.

7. Dobbs acknowledges and agrees that the OTS reserves the right to assess a civil money penalty in the event Dobbs fails to comply with the terms of this Consent and the accompanying Order.

8. Dobbs acknowledges and agrees that this proceeding, the payment of money contemplated as part of the resolution thereof, and his Consent to the entry of the accompanying Order, are for the purpose of resolving this OTS enforcement matter only, and do not resolve, affect, or preclude any other civil or criminal

proceeding which may be or have been brought against Dobbs by the  
OTS or another governmental agency.

WHEREFORE, intending to be legally bound thereby, Walter  
Dobbs executes this Consent.

Dated: 6-3-92

/S/

\_\_\_\_\_  
Walter Dobbs

\* \* \* \* \*  
NOTARIZATION

STATE OF CALIFORNIA            )  
COUNTY OF SACRAMENTO        ) ss.

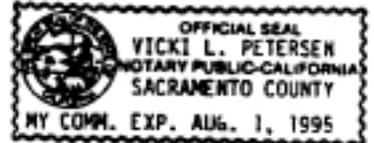
Walter Dobbs, being known to me, did subscribe to the  
foregoing in my presence, this 3rd day of JUNE, 1992.

/S/

\_\_\_\_\_  
Notary Public VICKI L. PETERSEN

(SEAL)

My commission expires: AUGUST 1, 1995





A. Unsecured Loans to National Office World, Inc.

1. In October, 1987, Gold River extended a \$150,000 unsecured loan (loan #187) to National Office World, Inc., with principal and interest due by March 15, 1988. The loan was renewed for one year and required payment of principal and interest by March 15, 1989.

2. In February, 1988, Gold River extended a second \$150,000 unsecured loan (loan #228) to National Office World, Inc., with principal and interest due by May 17, 1988. Gold River's records do not indicate that this loan was formally renewed. However, as of May 17, 1988, loan #228 still maintained a balance of \$150,000.

3. On August 22, 1988, Gold River entered into a Supervisory Agreement ("Agreement"), which prohibited any loan or credit extension exceeding \$250,000 to any one borrower. As of the effective date of the Agreement, the total indebtedness of National Office World, Inc., to Gold River was \$284,682.

4. Between August 22, 1988 and February 17, 1989 Dobbs, on behalf of Gold River, approved extensions of credit through the payment of overdrafts for National Office World, Inc., on at least 90 separate occasions. The pre-existing aggregated indebtedness of National Office World, Inc., was never below \$250,000 when Dobbs approved of the extensions of credit through the payment of overdrafts.

5. No prior written nonobjection from the Supervisory Agent was ever obtained by Dobbs prior to the extensions of credit.

6. By approving the extensions of credit, Dobbs caused Gold

River repeatedly to violate the Supervisory Agreement. National Office World, Inc. has been unable to repay the extensions of credit through the payments of overdrafts. Therefore, Gold River suffered a financial loss of at least \$250,000.

**B. Personal Benefit from Illegal Overdrafts**

7. In August, 1988 Dobbs purchased a modular office unit from National Office World, Inc. Pursuant to a lease agreement, National Office World, Inc. then rented the office unit to a third party for Dobbs and paid to him a portion of the rental proceeds on a monthly basis.

8. On October 28, 1988 and December 27, 1988, National Office World, Inc. paid Dobbs, via a personal check made payable to him, the rental proceeds pursuant to the lease agreement.

9. The October 28, 1988 and December 27, 1988 checks made payable to Dobbs were honored by Gold River despite insufficient funds to cover the amount and despite the Agreement's prohibition of such actions. Dobbs, or an employee under his direct supervision and control, approved of the extensions of credit through the payment of the overdrafts.

10. As a result of the illegal payment of overdrafts on October 28, 1988 and December 27, 1988, Dobbs was unjustly enriched by \$1,100.

**C. Loan to J. Higby's, Inc.**

11. On September 17, 1987, Dobbs approved a \$400,000 unsecured line of credit (loan #174) to J. Higby's, Inc. The

underwriting for this \$400,000 unsecured line of credit was completed after the line of credit was approved.

12. In March, 1988 Dobbs purchased 14,000 shares of stock in J. Higby's, Inc.

13. On April 14, 1988, Dobbs approved the renewal of the unsecured loan #174. No additional underwriting occurred. At the time of renewal, information available in the loan file showed that J. Higby's, Inc. was insolvent.

14. Dobbs did not reveal his ownership interest in J. Higby's, Inc. to the Executive Loan Committee or the Board of Directors at the time of the renewal of loan #174. Also, Dobbs did not abstain from the vote on the renewal.

15. As a result of Dobbs' conduct, Gold River suffered a financial loss of at least \$400,000 by reason of the extension and renewal of loan #174.

WHEREAS, the OTS is of the opinion that as a result of the aforementioned actions, Dobbs has engaged in unsafe and unsound practices, and has committed or engaged in acts or omissions and practices that constitute breaches of fiduciary duty; and that the OTS further has grounds to demonstrate that Dobbs' misconduct resulted in financial losses to Gold River and personal gain or other benefit to Dobbs, and that said conduct evidences his personal dishonesty and his willful and continuing disregard for Gold River's safety and soundness; and that by virtue of these acts and practices he has been unjustly enriched and has acted with reckless disregard for the law; and

NOW THEREFORE, It is ORDERED that:

1. Dobbs is prohibited from further participation, in any manner, in the conduct of the affairs of Gold River.
  
2. Without prior written approval of the Regional Director for the West Region and, if appropriate, another federal financial institutions regulatory agency, Dobbs may not hold any office in, or participate in any manner in the conduct of the affairs of any institution 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, transfer, or exercise of any voting rights with respect to any securities issued by any insured depository institution.
  
3. Dobbs shall pay the sum of \$15,000 in restitution to the Resolution Trust Corporation within four months of the date entered on the prohibition order.

4. Copies of all transmittal letters to the Resolution Trust Corporation together with a copy of the payment instrument, shall be sent to:

John J. Davidson  
Attorney, Enforcement  
Office of Thrift Supervision  
1700 G Street, N.W.  
Washington, D.C. 20552

5. The Consent is made a part hereof and is incorporated herein by this reference.
6. 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

By:           /S/          

Eric Shand  
Regional Director