

UNITED STATES OF AMERICA  
BEFORE THE  
OFFICE OF THRIFT SUPERVISION

In the Matter of: )  
CHARLIE E. CREWS, )  
Appraiser who provided appraisals )  
and related valuation advice to: )  
First Federal Savings and Loan )  
Association, Las Vegas, New Mexico )

RE: Resolution No. DAL-92-75

DATED: November 4, 1992

STIPULATION AND CONSENT TO ISSUANCE OF  
ORDER OF REVOCATION OF THE PRIVILEGE  
TO PRACTICE BEFORE THE OFFICE OF THRIFT SUPERVISION

The Office of Thrift Supervision ("OTS"), by and through its Midwest Regional Director ("Regional Director"), and Charlie E. Crews ("Crews"), an appraiser who provided appraisal services to First Federal Savings and Loan Association, Las Vegas, New Mexico (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 proceeding to revoke the privilege of Crews to practice before it, pursuant to Part 513 of the Rules and Regulations of the Office of Thrift Supervision, 12 C.F.R. § 513 et seq. Crews desires to cooperate with the OTS and to avoid the time and expense of such administrative litigation. Crews hereby stipulates and agrees to the following terms in consideration of the forbearance by the OTS from initiating such administrative

litigation, Crews, without trial, presentation of any evidence, or findings of fact pursuant to an administrative judicial hearing, has consented to the terms of the Stipulation. The OTS has determined that it is appropriate, and in the best interest of the public to execute the Stipulation and the attached Order of Revocation of the Privilege to Practice before the Office of Thrift Supervision ("Order"). This Stipulation and the Order do not compromise, settle, dismiss, resolve, or in any way affect any civil actions, charges against, or liability of Crews that arise pursuant to this action or otherwise, and that may be or have been brought by the Resolution Trust Corporation or any other governmental entity other than the OTS.

2. Jurisdiction.

(a) The Institution at all times relevant to the allegations set forth herein, was a "savings association" within the meaning of Section 3(b) of the FDIA, 12 U.S.C. § 1813(b) and Section 2(4) of the Home Owners' Loan Act, 12 U.S.C. § 1462(4). Accordingly, it was an "insured depository institution" as that term is defined in Section 3(c) of the FDIA, 12 U.S.C. § 1813(c).

(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 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"), was the regulatory agency with jurisdiction over the Institution and persons participating in the conduct of its affairs, pursuant to Section 5 of the HOLA, 12 U.S.C. § 1464.

(e) As of August 9, 1989, pursuant to Section 3(q) of the FDIA, 12 U.S.C. § 1813(q), 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 further has the authority to bring an administrative proceeding to suspend or permanently revoke the privilege of any person or entity to practice before it, pursuant to Part 513 of the Rules and Regulations of the Office of Thrift Supervision, 12 C.F.R. § 513 et seq.

(g) From and after April 1, 1982, Crews prepared appraisal reports that were relied upon by the Institution as evidence of the fair market value of collateral property on numerous, significant loans that it made. Such appraisal reports prepared by Crews neither conformed to industry standards nor to appraisal guidelines adopted by the FHLBB. For example, in said

appraisals: (1) Crews made no provision for discounting value over the projected sell-out period, and in in fact, added value even when Crews had established elsewhere in the report that no market existed; (2) Crews failed to determine the Highest and Best Use of the subject property, or when the Highest and Best Use was determined to be for development and sale of residential lots, failed to support that determination with feasibility analyses based on objective market data; and (3) Crews utilized cost data that was provided by the requesting party, with no verification through competing bids or independent cost information.

(h) In determining the fair market value as of February 10, 1987, of property known as "Pendaries "Park", Crews conformed his appraisal to estimates of valuation that were submitted to him in advance by Michael Gregory ("Gregory"). The Institution, Crews' client, subsequently made a loan in the amount of \$790,000 that was partially secured Pendaries Park. Sappington Development, Inc. was the recipient of the loan proceeds from said loan. At the time, Crews knew that Gregory, although a director of the Institution, owned 50 percent of SDI.

(i) As a result of Crews' appraisal practices as described above, the Institution was denied the independent appraisal judgment to which it was entitled. This constituted an unsafe and unsound banking practice and exposed the Institution to an improper risk of loss.

(j) Crews was at all times relevant hereto an appraiser who performed appraisals for and rendered appraisal services to the Institution. Crews is subject to censure by the OTS pursuant to 12 C.F.R. § 513.4(a).

3. Consent. Without admitting or denying the foregoing allegations, Crews consents to the issuance by the OTS of the Order, a copy of which is attached hereto and incorporated as Exhibit A. He further agrees to comply with the terms of the Order upon issuance and stipulates that the Order complies with all requirements of 12 C.F.R. Part 513.

4. Finality. The Order is issued under and Part 513 of the Rules and Regulations of the OTS. Upon its issuance, 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).

5. Waivers. Crews waives his right to a notice of charges and the administrative hearing provided by 12 C.F.R. § 513.4(a), 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), or otherwise to challenge the validity of the Order.



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ORDER OF REVOCATION OF THE PRIVILEGE  
TO PRACTICE BEFORE THE OFFICE OF THRIFT SUPERVISION

WHEREAS, Charlie E. Crews ("Crews") has executed a Stipulation and Consent to Issuance of Order of Revocation of the Privilege to Practice before the Office of Thrift Supervision ("Stipulation"), which is incorporated herein by reference and is accepted and approved by the Office of Thrift Supervision ("OTS"), acting through its Midwest Regional Director ("Regional Director"); and

WHEREAS, Crews has consented and agreed in the Stipulation to the issuance of this Order of Revocation of the Privilege to Practice before the Office of Thrift Supervision ("Order"), pursuant to 12 C.F.R. Part 513;

NOW THEREFORE, IT IS ORDERED THAT:

1. Crews' privilege to practice before the OTS, as defined at 12 C.F.R. § 513.2(e), is hereby revoked. From and after the effective date of this Order, Crews shall not, directly or indirectly, engage in the following activities:

(a) The representation of another person at any adjudicatory, investigatory, removal or rulemaking proceeding conducted before the OTS, or a presiding officer or staff of the OTS, including, inter alia, those proceedings covered in 12 C.F.R. Parts 508, 509, 510 and 512;

(b) The preparation of any appraisal report, statement, estimate, opinion, or other document concerning the nature, quality, value, or utility of specified interests in or aspects of identified real estate with the knowledge, consent, understanding or reason to believe that said document or communication will be filed with or submitted to the OTS or a presiding officer or staff of the OTS;

(c) The participation in, or consultation with, any person in estimating the market value, fair value, net realizable value, business value, special financing value, syndication value, or investment value of any identified real estate with the knowledge, consent, understanding or reason to believe that said estimate of value will be filed with or submitted to the OTS or a presiding officer or staff of the OTS;

(d) The presentation to the OTS or a presiding officer or staff of the OTS at a conference or meeting relating to an entity's or other person's rights, privileges or liabilities under the laws administered by the OTS and the rules and regulations promulgated thereunder;

(e) Any business correspondence or communication with the OTS or a presiding officer or staff of the OTS; and

(f) The transaction of any other formal business with the OTS on behalf of another, in the capacity of an appraiser.

2. Before accepting any appraisal assignment, Crews shall make reasonable inquiry of the requesting party to assure whether his acceptance of the assignment will result in a violation of this Order. Furthermore, Crews shall maintain files to evidence his compliance with this Order, and shall provide the OTS with written evidence of compliance with this Order upon reasonable notice.

3. Nothing in this Order shall preclude Crews from affiliating with another appraiser solely for the purpose of obtaining his membership in the Appraisal Institute ("MAI"). Provided however, that when engaging in activities permitted by this Paragraph 2, Crews may not sign, execute, or be primarily responsible for any appraisal report except for 1-4 family residential appraisal reports; and provided further that, prior to beginning any affiliation with another appraiser, Crews shall provide a copy of this Order to any such appraiser.

4. At any time after Crews has obtained MAI designation, but in no event less than three (3) years from the effective date of the Order, Crews may apply to the Director of the OTS to have the Order lifted.

5. Nothing contained in this Order shall be interpreted to prohibit Crews from responding in any manner to any charges, inquiries or other contacts initiated by the OTS and/or by any other regulatory agency concerning Crews.

6. For purposes of this Order, the following definitions shall apply:

(a) The term "person" shall mean an individual or organization, including any firm, partnership, company, corporation, trust, or similar organization;

(b) The term "appraisal report" shall mean any communication, written or oral, of an opinion as to the nature, quality, value or utility of specified interests in or aspects of identified real property;

(c) The term "real estate" shall mean an identified parcel or tract of land, including improvements, if any;

(d) The term "real property" shall mean one or more defined interests in a parcel of real estate, whether an unencumbered fee or a lesser estate;

(e) The term "appraisal assignment" shall mean a person's employment or retention to act (or which would be perceived by third parties or the public as acting) as a disinterested third party to render an estimate or opinion of the nature, quality, value or utility of specified interests in or aspects of identified real estate; and

(f) The term "appraisal services" shall mean services that are not encompassed within the definition of "appraisal assignment" but which relate in any way to the performance of, or consultation concerning, investment analyses, valuation reports, highest and best use studies, specialized marketing reports/studies, or market demand and economic feasibility studies; as well as any analyses, opinions and/or conclusions given in connection with real estate brokerage, mortgage banking, real estate counseling, or real estate tax counseling.

7. All technical words or terms used in this Order, for which meanings are not specified or otherwise provided for by the provisions of this Order, shall, insofar as applicable, have meanings as defined in Chapter V of Title 12 of the Code of Federal Regulations, FDIA, or the Home Owners' Loan Act ("HOLA"), or as such definition is amended after the execution of this Order, and any such technical words or terms used in this Order and undefined in said Code of Federal Regulations, FDIA, or HOLA, shall have meanings that accord with their best custom and usage in the savings and loan industry.

8. The terms and provisions of this Order shall be binding upon, and inure to the benefit of, the parties hereto and their successors and heirs in interest.

OFFICE OF THRIFT SUPERVISION

By: \_\_\_\_\_ /s/  
Frederick R. Casteel  
Midwest Regional Director

Dated: 11-2-92