

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

In the Matter of:)

LEE H. HENKEL, JR.)

Former Joint Venture Partner)
of Lincoln Savings and)
Loan Association,)
Irvine, California)

Order No. OTS AP 92- 122

Dated: November 18, 1992

**STIPULATION AND CONSENT TO ISSUANCE OF
ORDER TO CEASE AND DESIST AND RESTITUTION;
ORDER OF PROHIBITION PROHIBITING PARTICIPATION
IN THE CONDUCT OF THE AFFAIRS OF
FEDERALLY INSURED DEPOSITORY INSTITUTIONS; AND
ORDER OF DEBARMENT**

The Office of Thrift Supervision ("OTS"), by and through its Director, Timothy Ryan, and Lee H. Henkel, Jr. ("HENKEL") hereby stipulate and agree as follows:

CONSIDERATION

1. On November 18, 1992, the OTS approved and issued a Notice of Charges and of Hearing to Direct Restitution; Notice of Intention to Prohibit From Participation in the Conduct of the Affairs of Federally Insured Depository Institutions; and Notice of Intention to Debar From Practice Before the Office of Thrift Supervision ("NOTICE"). See Sections 8(b) and 8(e) of the Federal Deposit Insurance Act ("FDIA"), 12 U.S.C. §§ 1818(b) and 1818(e), and Sections 407(e) and 407(g) of the National Housing Act

of 1934 ("NHA"), formerly codified at 12 U.S.C. §§ 1730(e) and 1730(g).

2. Without admitting or denying the assertions in the NOTICE, HENKEL stipulates and agrees to the provisions, terms, and conditions set forth herein and in the accompanying Order to Cease and Desist and Restitution; Order of Prohibition Prohibiting Participation in the Conduct of the Affairs of Federally Insured Depository Institutions; and Order of Debarment ("ORDER").

3. HENKEL further desires to cooperate with the OTS to avoid the time and expense of any administrative litigation initiated by the OTS as a result of the NOTICE and, without admitting or denying that any grounds exist for bringing such litigation and solely for the purposes of effecting this Stipulation and Consent to Issuance of Order to Cease and Desist and Restitution; Order of Prohibition Prohibiting Participation in the Conduct of the Affairs of Federally Insured Depository Institutions; and Order of Debarment ("STIPULATION and CONSENT"), hereby stipulates and agrees to the following terms in consideration of resolution of matters covered in the NOTICE issued against HENKEL pursuant to the terms, provisions and conditions set forth in the accompanying ORDER.

JURISDICTION

4. HENKEL was an "institution-affiliated party" with respect to Lincoln Savings and Loan Association, Irvine, California ("Lincoln"), as that term is defined in Section 3(u) of the FDIA, as amended by FIRREA, 12 U.S.C. § 1813(u).

5. Lincoln was a "savings association" within the meaning of Section 2(4) of the Home Owners' Loan Act of 1933 ("HOLA"), as amended by FIRREA, 12 U.S.C. § 1813(b). 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).

6. Pursuant to Section 3(q) of the FDIA, as amended by FIRREA, 12 U.S.C. § 1813(q), the Director of OTS is the "appropriate Federal banking agency" with jurisdiction over Lincoln and HENKEL as an institution-affiliated party participating in the conduct of affairs of Lincoln. The Director of OTS has the authority to bring administrative cease and desist, prohibition, and debarment proceedings against HENKEL, pursuant to Section 5(d)(1)(A) of the HOLA, 12 U.S.C. § 1464(d)(1)(A), and Section 8 of the FDIA, 12 U.S.C. § 1818, and 12 C.F.R. § 513.4, and HENKEL is subject to the authority of OTS to initiate and maintain such proceedings.

CONSENT

7. HENKEL consents to the issuance by OTS of the accompanying ORDER. Further, HENKEL agrees to comply with the terms, provisions, and conditions of the ORDER upon its issuance and stipulates that the ORDER complies with all applicable requirements of law.

FINALITY

8. The ORDER is issued pursuant to Sections 8(b) and 8(e) of the FDIA, as amended by FIRREA, 12 U.S.C. §§ 1818(b) and 1818(e). Upon its issuance by the Director of OTS, the ORDER shall be a

final order, effective and fully enforceable by the OTS, its successor(s), or an appropriate Federal banking agency pursuant to the provisions of Section 8(i) of the FDIA, 12 U.S.C. § 1818(i).

Waivers

9. HENKEL waives his right to the administrative hearings provided by Sections 8(b) and 8(e) of the FDIA, as amended by FIRREA, 12 U.S.C. §§ 1818(b) and 1818(e), and by 12 C.F.R. § 513.7, and waives any right to seek judicial review of this STIPULATION and CONSENT and the ORDER or to seek any post-hearing procedures, including any such right provided by Section 8(h) of the FDIA, as amended, 12 U.S.C. § 1818(h), and further waives any other right to otherwise challenge the validity of the ORDER.

Settled Claims

10. HENKEL agrees that he is entering into this STIPULATION and CONSENT and the accompanying ORDER for the purposes of resolving the claims in the NOTICE and any and all other claims that might be asserted by the OTS arising out of HENKEL's participation in the affairs of Lincoln and/or its institution-affiliated parties as set forth in the NOTICE. This STIPULATION and CONSENT and the ORDER do not resolve, affect or preclude any other administrative, or criminal claims or proceeding that may be brought against HENKEL by the OTS or any other government entity.

WHEREFORE, in consideration of the foregoing and intending to be legally bound hereby, the Office of Thrift Supervision, by and through its Director, Timothy Ryan, and Lee H. Henkel, Jr. intentionally and knowingly execute this STIPULATION and CONSENT.

/s/

James Hamilton, Esq.
Attorney for Lee H. Henkel, Jr.

/s/

Lee H. Henkel, Jr.

Signed this 6 day of November, 1992

OFFICE OF THRIFT SUPERVISION
By:

/s/

Timothy Ryan
Director

Signed this 18 day of November, 1992

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

In the Matter of:

LEE H. HENKEL, JR.

Former Joint Venture Partner
of Lincoln Savings and
Loan Association,
Irvine, California

Order No. OTS AP 92- 122

Dated: November 18, 1992

**ORDER TO CEASE AND DESIST AND RESTITUTION;
ORDER OF PROHIBITION PROHIBITING PARTICIPATION
IN THE CONDUCT OF THE AFFAIRS OF
FEDERALLY INSURED DEPOSITORY INSTITUTIONS; AND
ORDER OF DEBARMENT**

WHEREAS, on November 18, 1992, the Office of Thrift Supervision ("OTS") approved and issued a Notice of Charges and of Hearing to Direct Restitution; Notice of Intention to Prohibit From Participation in the Conduct of the Affairs of Federally Insured Depository Institutions; and Notice of Intention to Debar From Practice Before the Office of Thrift Supervision ("NOTICE");

WHEREAS, Lee H. Henkel, Jr. ("HENKEL"), who is a named Respondent in the NOTICE, has executed a Stipulation and Consent to Issuance of Order to Cease and Desist and Restitution; and Order of Prohibition Prohibiting Participation in the Conduct of the Affairs of Federally Insured Depository Institutions; and Order of Debarment ("STIPULATION AND CONSENT"), which was accepted and

approved by the OTS, acting by and through its Director, Timothy Ryan, (the "Director"); and

WHEREAS, without any adjudication on the merits, HENKEL in the STIPULATION and CONSENT has agreed and consented to the issuance of this Order to Cease and Desist and Restitution; Order of Prohibition Prohibiting Participation in the Conduct of the Affairs of Federally Insured Depository Institutions; and Order of Debarment ("ORDER"), pursuant to Sections 8(b) and 8(e) of the Federal Deposit Insurance Act ("FDIA"), 12 U.S.C. §§ 1818(b) and 1818(e), and 12 C.F.R. § 513.4;

WHEREAS, HENKEL neither admits nor denies the allegations, assertions, facts, unsafe and unsound practices, and violations of law, rules, and regulations set forth in the NOTICE as such pertain and apply to him;

NOW THEREFORE, IT IS ORDERED that:

CEASE AND DESIST

1. HENKEL shall cease and desist from:

a. Committing, committing in the future, or aiding and abetting the commitment of, unsafe and unsound practices and violations of laws, rules and regulations set forth in the NOTICE; and

b. Committing, committing in the future, or aiding and abetting the commitment of, any unsafe and unsound practice or any violation of any law, rule, regulation or condition imposed in writing by a Federal regulatory banking agency in connection with the conduct of the business of any federally insured financial

institution set forth in Section 8(e)(7)(A) of the FDIA, 12 U.S.C. § 1818(e)(7)(A).

RESTITUTION

2. HENKEL shall make restitution in the amount of fifty thousand dollars (\$50,000) to correct the conditions resulting from the unsafe and unsound practices and violations of law, rules, and regulations set forth in the NOTICE. However, the amount recovered by the Resolution Trust Corporation ("RTC") from HENKEL, pursuant to the settlement agreement dated October 14, 1991 entered into between HENKEL and the RTC, will be treated as satisfying any obligation of HENKEL to make restitution under this ORDER.

PROHIBITION

3. HENKEL is prohibited from engaging in any of the activities described in 12 U.S.C. § 1818(e)(6).

DEBARMENT

4. HENKEL is barred from practice before the OTS, and shall not directly or indirectly engage in the activities defined in 12 C.F.R. § 513.2(e).

COOPERATION

5. HENKEL shall, at the OTS' request, on reasonable notice and without service of a subpoena, provide discovery and testify truthfully at any deposition and at any judicial or administrative proceeding brought by the OTS and, if requested, provide sworn statements in connection with any formal examination or investigation initiated by the OTS that relates in any way to the affairs of Lincoln and any continuing litigation or proceeding

brought by the OTS as a result of its examination relating to Lincoln Savings and Loan Association, Irvine, California ("Lincoln"), and its institution-affiliated parties.

MISCELLANEOUS

6. Prior to the issuance of this ORDER, HENKEL provided the OTS with sworn financial disclosure which was relied upon by the OTS in agreeing to the terms and conditions of this ORDER and that demonstrated that he presently has an insubstantial net worth.

7. The STIPULATION and CONSENT and this ORDER constitute the final disposition of the claims in the NOTICE and any and all other claims that might be asserted by the OTS against HENKEL in connection with his participation in the affairs of Lincoln and/or its institution-affiliated parties as set forth in the NOTICE. This ORDER and the STIPULATION and CONSENT do not resolve, affect or preclude any other administrative, civil or criminal claims or proceeding which may be brought against HENKEL by the OTS or any other government entity.

8. This ORDER and the STIPULATION and CONSENT may be used in any proceeding brought by the OTS to enforce this ORDER; provided, however, that OTS shall not use the ORDER, the STIPULATION and CONSENT, or the relief consented to by virtue of the STIPULATION and CONSENT, for any other purpose in proceedings before the OTS.

WHEREFORE, in consideration of the foregoing and intending to be legally bound hereby, the Office of Thrift Supervision, by and through its Director, Timothy Ryan, and Lee H. Henkel, Jr. intentionally and knowingly execute this STIPULATION and CONSENT.

/s/

James Hamilton, Esq.
Attorney for Lee H. Henkel, Jr.

/s/

Lee H. Henkel, Jr.

Signed this 6 day of November, 1992

OFFICE OF THRIFT SUPERVISION
By:

/s/

Timothy Ryan
Director

Signed this 18 day of November, 1992