

UNITED STATES OF AMERICA
Before The
OFFICE OF THRIFT SUPERVISION

In the Matter of)
JOHN W. SHILLING, JR.)
A Joint Venture Partner with)
Delta Financial Corporation,)
Inc., a wholly-owned subsidiary)
of First Annapolis Savings Bank)
Annapolis, Maryland)

Re: Resolution No. ATL-91-16

Dated: June 3, 1991

STIPULATION AND CONSENT TO
ISSUANCE OF ORDER OF PROHIBITION

The Office of Thrift Supervision ("OTS"), by and through its Regional Director for the Southeast Region, and John W. Shilling, Jr. a joint venture partner with Delta Financial Corporation, Inc., ("Delta") a wholly-owned subsidiary of First Annapolis Savings Bank, Annapolis, Maryland ("First Annapolis") hereby stipulate and agree as follows:

1. Consideration. The OTS, based upon information derived from the exercise of its supervisory and regulatory powers, is of the opinion that the grounds exist to initiate an administrative proceeding against John W. Shilling, Jr. pursuant to Section 8(e) of the Federal Deposit Insurance Act ("FDIA"), 12 U.S.C. Section 1818(e). The bases for the initiation of an administrative proceeding are as follows:

Beginning on or about December 18, 1986 through the

present, corporations controlled by John W. Shilling, Jr. were joint venture partners in four limited partnerships with Delta serving as limited partners and the Shilling corporations serving general partners. Each limited partnership was formed to develop a different real estate parcel for single family homes. Profits and losses resulting from the activities of each partnership were to be divided among the partners at least annually according to the percentages set forth in the limited partnership agreements. Beginning in approximately mid-1989, Delta could not get sufficient accounting from the general partners of where the partnerships' funds had gone and how the proceeds from lot settlements had been disbursed. John W. Shilling, Jr. transferred sale proceeds totaling approximately \$500,000 from lot settlements related to the Delta partnerships for his and his companies' use, without the knowledge or approval of any of the limited partners.

John W. Shilling, Jr. desires to cooperate with the OTS and to avoid the time and expense of such administrative proceeding and, without admitting or denying that such grounds exist, hereby stipulates and agrees to the following terms in consideration of the forbearance of OTS from initiating such administrative proceeding against him.

2. Jurisdiction.

(a) First Annapolis was a "savings association" within the meaning of Section 3 of the FDIA and Section 2 of the Home Owners' Loan Act of 1933 ("HOLA"). Accordingly, it

was an "insured depository institution" as that term is defined in Section 3(c) of the FDIA, 12 U.S.C. Section 1813(c).

(b) John W. Shilling, Jr., as a joint venture partner of a wholly-owned subsidiary of First Annapolis, was an "institution-affiliated party" as that term is defined in Section 3(u) of the FDIA, 12 U.S.C. Section 1813(u).

(c) Pursuant to Section 3 of the FDIA, the OTS is the "appropriate Federal banking agency" to maintain an administrative proceeding against such a savings association or its institution-affiliated parties. Therefore, John W. Shilling, Jr. is subject to the authority of the OTS to initiate and maintain an administrative proceeding against him pursuant to Section 8(e) of the FDIA, 12 U.S.C. Section 1818(e).

3. Consent. John W. Shilling, Jr. consents to the issuance by the OTS of the accompanying Order of Prohibition ("Order"). He further agrees to comply with its terms upon issuance and stipulates that the Order complies with all requirements of law.

4. Finality. The Order is issued under Section 8(e) of the FDIA, 12 U.S.C. Section 1818(e). 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. Section 1818(i).

5. Waivers. John W. Shilling, Jr. waives his right to a notice of charges and of intention to prohibit and the

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administrative hearing provided by Section 8(e) of the FDIA, 12 U.S.C. Section 1818(e), and further waives his right to seek judicial review of the Order, including any such right provided by Section 8(h) of the FDIA, 12 U.S.C. Section 1818(h), or otherwise to challenge the validity of the Order.

WHEREFORE, in consideration of the foregoing and intending to be legally bound hereby, the Regional Director for the Southeast Region, on behalf of the OTS, and John W. Shilling, Jr. execute this Stipulation and Consent to Issuance of Order of Prohibition.

OFFICE OF THRIFT SUPERVISION

By:

/s/

/s/

~~John E. Ryan~~
Regional Director
Southeast Region

~~John W. Shilling, Jr.~~

Federal financial institutions regulatory agency, John W. Shilling, Jr. may not hold any office in, or participate in any manner in the conduct of the affairs of any institution(s) or other entity as set forth in Section 8(e)(7)(A) of the FDIA, 12 U.S.C. Section 1818(e)(7)(A). Pursuant to Section 8(e)(6) of the FDIA, 12 U.S.C. Section 1818(e)(6), 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. The Stipulation is made a part hereof and is incorporated herein by this reference.

4. This Order is subject to the provisions of Section 8(j) of the FDIA, 12 U.S.C. Section 1818(j), and shall become effective on the date it is issued.

THE OFFICE OF THRIFT SUPERVISION

By:

/s/

John E. Ryan /
Regional Director
Southeast Region