

UNITED STATES OF AMERICA  
Before The  
OFFICE OF THRIFT SUPERVISION

In the Matter of: )  
 )  
CARROLL H. INGRAM )  
 )  
Attorney who represented and )  
provided advice and counsel )  
to: )  
 )  
First Guaranty Bank for )  
Savings, )  
Hattiesburg, Mississippi )  
 )

Re: Resolution No. DAL-91-60

Dated: June 17, 1991

STIPULATION AND CONSENT TO  
ISSUANCE OF ORDER OF PROHIBITION

The Office of Thrift Supervision ("OTS"), by and through its Regional Director for the Midwest Regional Office, and Carroll H. Ingram ("Ingram"), hereby stipulate and agree as follows:

1. Consideration. The OTS, based upon information reported to it, is of the opinion that the grounds exist to initiate an administrative prohibition proceeding against Ingram pursuant to Section 407(g) of the National Housing Act of 1934 ("NHA"), 12 U.S.C. § 1730(g), and Section 8(e) of the Federal Deposit Insurance Act ("FDIA"), as amended by the Financial Institutions Reform, Recovery, and Enforcement Act of 1989, ("FIRREA"), 12 U.S.C. § 1818(e) (1988 and Supp. I 1989). Ingram desires to cooperate with the OTS and to avoid the time and expense of such administrative litigation. Without admitting, and specifically

disputing the statements, conclusions or terms herein, Ingram hereby stipulates and agrees to the following terms in consideration of: (1) the forbearance by the OTS from initiating such administrative prohibition litigation; and (2) the agreement by the OTS to refrain from seeking the issuance of additional enforcement orders for prohibition against Ingram with respect to any matters (a) reported or otherwise addressed in the OTS Reports of Examination of the Institution for the examination performed as of June 19, 1989, or (b) discovered by the OTS as a result of its investigative proceeding, commenced pursuant to Federal Home Loan Bank Board Resolution No. ERC-90-24, dated January 31, 1990. Ingram, without trial, presentation of any evidence, or findings of fact pursuant to an administrative judicial hearing, has consented to the terms of the Stipulation for the sole purpose of resolving the issues in this proceeding without significant legal cost and expense. 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 Prohibition ("Order"). This Stipulation and the attached Order are issued solely to settle this proceeding, and are not the result of factual findings.

2. Jurisdiction. The OTS is of the opinion that:

(a) First Guaranty Bank for Savings, Hattiesburg, Mississippi (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 of 1933, as amended by Section 301 of FIRREA, 12 U.S.C. § 1462(4) (1989). Accordingly, it was 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) 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 National Housing Act of 1934 ("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"), as operating head of the FSLIC, was the regulatory agency with jurisdiction over the Institution and persons participating in the conduct of its affairs, including Ingram, pursuant to Sections 403 and 407 of the NHA, 12 U.S.C. §§ 1726 and 1730.

(e) As of August 9, 1989, pursuant to Section 3(q) of the FDIA, as amended by Section 204 of FIRREA, 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 has the authority to bring administrative prohibition proceedings against persons participating in the conduct of the affairs of the Institution and institution-affiliated parties pursuant to Section 5(d)(1)(A) of the HOLA, as amended by Section 301 of the FIRREA, 12 U.S.C. § 1464(d)(1)(A), and Section 8(e) of the FDIA, as amended by the FIRREA, 12 U.S.C. § 1818(e).

(g) Ingram was at all times relevant hereto, an attorney and name partner of the law firm, Ingram, Matthews & Stroud, Professional Association, of Hattiesburg, Mississippi ("IMS"), a professional association of attorneys practicing pursuant to Mississippi state statutes. Ingram attended meetings of the board of directors and the Executive Committee thereof on a regular basis, and provided advice and counsel to the Institution relating to all aspects of its operations.

(h) As of March 31, 1989, and at all times thereafter, the Institution failed to meet the minimum regulatory capital requirements set forth in 12 C.F.R. § 563.13.

(i) At all times relevant hereto, 12 C.F.R. § 563.9-8 provided that an institution that was failing to meet the minimum regulatory capital requirements set forth in 12 C.F.R. § 563.13 was

required to obtain the prior written approval of the OTS before engaging in any equity risk investment.

(j) Partners and employees of IMS, including Ingram, provided legal advice and counsel to the Institution regarding various aspects of the Institution's indirect investment through its wholly-owned service corporation, Guaranty Service Corporation, in Unemployment Compensation Control Systems, Inc. ("UCCS"), including the issuance of an opinion by IMS, signed by a partner of IMS, dated May 17, 1989, which stated, inter alia, that, "Investor has the legal power and authority to execute and deliver the Acquisition Documents and to perform its obligations thereunder." Ingram did not advise the Institution that prior written approval of the OTS was required before engaging in the UCCS investment.

(k) On May 17, 1989, the Institution had neither obtained prior regulatory approval, nor filed an application with the OTS as required by 12 C.F.R. § 563.9-8. Ingram was present at meetings of the Institution's board of directors and Executive Committee, where the UCCS investment was discussed, reviewed, considered and approved.

(l) On September 6, 1989, Ingram recommended that the Board and management take immediate steps to move the \$2 million on deposit at the Institution in a UCCS account to another depository institution. On that date, the Executive Committee approved the transfer of the funds under joint control of both parties.

Partners of IMS, including Ingram, were present at this meeting. On September 7, 1989, partners and employees of IMS represented the Institution in transactions that resulted in the transfer of the \$2 million into a UCCS account that required the signatures of two directors of UCCS, including Sherwin Easterling, who also had been appointed Interim Chief Operating Officer of the Institution on May 8, 1989.

(m) On September 11, 1989, Ingram reported to the Executive Committee of the board of directors of the Institution that the \$2 million had been transferred to Deposit Guaranty National Bank under the joint control of the Institution and UCCS.

(n) On September 19, 1989, upon the advice of Ingram, Easterling resigned from the board of directors of UCCS. UCCS thereafter withdrew the \$2 million, resulting in loss to the Institution of that amount.

(o) Ingram is an "institution-affiliated party" as that term is defined in Section 3(u) of the FDIA, as amended by FIRREA, 12 U.S.C. § 1813(u), and as such, is subject to the authority of the OTS to initiate and maintain prohibition proceedings pursuant to Section 8(e) of the FDIC, as amended by FIRREA, 12 U.S.C. § 1818(e).

3. Consent. Without admitting, and specifically disputing the need or basis therefor, Ingram consents to the issuance by the OTS of the accompanying Order of Prohibition ("Order"), a copy of which is attached hereto and incorporated as Exhibit A. He further agrees to comply with its terms upon issuance and stipulates that the Order complies with all requirements of 12 U.S.C. § 1818(e) and 12 U.S.C. § 1730(g).

4. Finality. The Order is issued under Section 8(e) of the FDIA, as amended by FIRREA, 12 U.S.C. § 1818(e). Upon its issuance by the Regional Director for the Midwest Regional Office, it shall be a final order, effective and fully enforceable by the OTS under the provisions of Section 8(i) of the FDIA, as amended by FIRREA, 12 U.S.C. § 1818(i).

5. Waivers. Ingram waives his right to a notice of intention to prohibit and the administrative hearing provided by Section 8(e) of the FDIA, as amended by FIRREA, 12 U.S.C. § 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, as amended by FIRREA, 12 U.S.C. § 1818(h), or otherwise to challenge the validity of the Order.



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Re: Resolution No. DAL-91-60

Dated: June 17, 1991

ORDER OF PROHIBITION

WHEREAS, Carroll H. Ingram ("Ingram") has executed a Stipulation and Consent to Issuance of Order of Prohibition ("Stipulation"), which is incorporated herein by reference and is accepted and approved by the Office of Thrift Supervision ("OTS"), acting through its Regional Director for the Midwest Regional Office; and

WHEREAS, without admitting, and specifically disputing that the grounds exist therefor, Ingram has consented and agreed in the Stipulation to the issuance of this Order of Prohibition ("Order"), pursuant to Section 407(g) of the National Housing Act of 1934 ("NHA"), 12 U.S.C. § 1730(g), and Section 8(e) of the Federal Deposit Insurance Act ("FDIA"), as amended by the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 ("FIRREA"), 12 U.S.C. § 1818(e) (1988 and Supp. I 1989);

NOW THEREFORE, IT IS ORDERED that:

1. Ingram is prohibited from further participation, in any manner, in the conduct of the affairs of First Guaranty Bank for Savings, Hattiesburg, Mississippi and its service corporations.

2. Without the prior written approval of the Regional Director for the Midwest Regional Office of the OTS and, if appropriate, another Federal financial institutions regulatory agency, Ingram may not act as a director for, 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, as amended by FIRREA, 12 U.S.C. § 1818(e)(7)(A), hereinafter referred to as a "Covered Institution." Pursuant to Section 8(e)(6) of the FDIA, as amended by FIRREA, 12 U.S.C. § 1818(e)(6), conduct prohibited by this Order includes, inter alia, the solicitation, the transfer or the exercise of any voting rights with respect to any securities issued by any insured depository institution, specifically including any such voting rights that Ingram may hold with respect to Walthall Capital Group, Ltd., parent holding company of Walthall Citizens State Bank, Tylertown, Mississippi.

3. Nothing in this Order, however, prohibits Ingram from the following activities, even though such activities may involve or relate to a Covered Institution:

(a) being a customer, as a depositor or borrower, of a Covered Institution;

(b) owning stock in a Covered Institution;

(c) performing routine foreclosure or collection proceedings for a Covered Institution, solely as an independent contractor on an arms' length, case-by-case basis;

(d) acting as a trustee in a deed of trust; or

(e) representing independent third parties with respect to loan transactions between said independent third parties and a Covered Institution.

Provided however, that activities outlined in paragraphs 3(a)-(e) above may not be performed in a manner that would make Ingram an "institution-affiliated party" as that term is defined at Section 3(u) of the FDIA, as amended by FIRREA, 12 U.S.C. § 1813(u).

4. From the effective date of this Order, Ingram shall promptly respond to any request from the OTS for documents that the OTS reasonably requests to demonstrate compliance with this Order.

5. This Order is subject to the provisions of Section 8(j) of the FDIA, as amended by FIRREA, 12 U.S.C. § 1818(j), and shall become effective on the date it is issued, and applies only to

