

UNITED STATES OF AMERICA
BEFORE THE
OFFICE OF THRIFT SUPERVISION

In the Matter of:

HOWARD D. HARRISON,
Director and Institution-
Affiliated Party of:

Davy Crockett Federal Savings
Bank, Crockett, Texas

RE: Resolution No. DAL-91-176

DATED: October 25, 1991

STIPULATION AND CONSENT TO
ISSUANCE OF ORDER OF REMOVAL AND PROHIBITION

The Office of Thrift Supervision ("OTS"), by and through its Regional Director for the Midwest Regional Office, and Howard D. Harrison ("Harrison"), director and a person participating in the affairs of Davy Crockett Federal Savings Bank, Crockett, Texas (the "Institution"), 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 Harrison pursuant to 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). Harrison 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, Harrison hereby stipulates and agrees

to the following terms in consideration of: (1) the forbearance by the OTS from initiating such administrative litigation; and (2) the agreement by the OTS to refrain from seeking the issuance of additional enforcement orders against Harrison with respect to any matters (a) reported or otherwise addressed in the OTS Reports of Examination of the Institution for the examinations commenced as of April 16, 1990, or July 8, 1991, or (b) discovered by the OTS as a result of its investigative proceeding, commenced pursuant to OTS Resolution No. DAL-91-14, March 11, 1991. Harrison, 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 to Cease and Desist for Affirmative Relief ("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) The Institution is 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) (Supp. I 1989).

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).

(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 the affairs thereof, including Harrison, 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, as amended by Section 204 of the 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 an ~~administrative prohibition proceedings~~ against Harrison 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 of the FDIA, as amended by the FIRREA, 12 U.S.C. § 1818.

(g) Harrison has been a director of the Institution since July 20, 1987. Through March 31, 1990, Harrison, as a director of the Institution approved or allowed fees in the amount of \$76,200.00 to be paid to advisory directors when said advisory directors were not properly appointed as required by 12 C.F.R. § 545.123.

(h) On August 21, 1989, in his capacity as a director of the Institution, Harrison signed a Supervisory Agreement, by and between Davy Crockett Federal Savings Bank and the Office of Thrift Supervision (the "Agreement"). This Agreement provided, among other things, that:

(4.) The Institution or its subsidiaries shall not, either directly or indirectly, engage in any transaction with an affiliated person of the Institution as defined in 12 C.F.R. § 561.29, that would violate any subsection of 12 C.F.R. §§ 563.41 and 563.43.

(5.) The Board of Directors shall review and familiarize themselves with 12 C.F.R. §§ 563.40, 563.41, 563.43, 571.1 and 571.9. Within ninety (90) days of the effective date of this Agreement, the Institution and the Board of Directors shall submit to the PSA for review and comment policy regarding officers' and directors' responsibilities, including business ethics and conflicts of interest guidelines for the Institution, that are compatible with the aforementioned regulations and Bank Board Memoranda ("guidelines"). The Institution and the Board of Directors shall comply and monitor compliance with such guidelines and shall not deviate from such guidelines without the prior written direction of the PSA.

(i) Between August 21, 1989, and March 31, 1990, the Institution originated or renewed eighteen (18) loans to affiliated persons that were in direct violation of the aforementioned terms of the Agreement. Harrison knew or should have known that the Institution and the board of directors of the Institution were not in compliance with the Agreement, as it applied to those sections that related to "Conflicts of Interest."

(j) Harrison was at all times relevant to the allegations set forth herein, 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 therefore is subject to the OTS's authority to maintain prohibition proceedings.

3. Consent. Without admitting or denying that the grounds exist therefor, Harrison consents to the issuance by the OTS of the accompanying Order of Removal and 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, 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).

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ORDER OF REMOVAL AND PROHIBITION

WHEREAS, Howard D. Harrison ("Harrison") has executed a Stipulation and Consent to Issuance of Order of Removal and Prohibition ("Stipulation"), which 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 that the grounds exists therefor, Harrison has consented and agreed in the Stipulation to the issuance of this Order of Removal and Prohibition ("Order") pursuant to 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. Harrison is prohibited from further participation, in any manner, in the conduct of the affairs of Davy Crockett Federal Savings Bank, Crockett, Texas and its service corporations.

2. Without the prior written approval of the Regional Director for the Midwest Regional Office and, if appropriate, another federal financial institutions regulatory agency, Harrison 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, as amended by FIRREA, 12 U.S.C. § 1818(e)(7)(A). 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.

3. Nothing in this Order, however, prohibits Harrison 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; or

(b) owning Stock in a Covered Institution.

Provided however, that activities outlined in this Paragraph 3 may not be performed in a manner that would make Harrison 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. The Stipulation is made a part hereof and is incorporated herein by this reference.

