

UNITED STATES OF AMERICA  
Before The  
OFFICE OF THRIFT SUPERVISION

In the Matter of )  
)

EDMUND R. LEHMANN, )  
A Former Director and Officer )  
of First Federal Savings )  
Bank, Hempstead, Texas )  
and )  
First Savings Association, )  
Brenham, Texas )

Resolution No. DAL-91-192

Dated: October 31, 1991

STIPULATION AND CONSENT TO THE ENTRY  
OF A CEASE AND DESIST ORDER

The Office of Thrift Supervision ("OTS"), by and through its Regional Director for the Midwest Regional Office in Dallas, Texas ("Regional Director"), and Edmund R. Lehmann ("Lehmann"), former director and officer of First Federal Savings Bank, Hempstead, Texas, ("First Federal"), and First Savings Association, Brenham, Texas ("First Savings") agree as follows:

1. CONSIDERATION.

The OTS, based upon information reported to it, is of the opinion that grounds exist to initiate an administrative cease-and-desist proceeding against Lehmann pursuant to Section 8(b) of the Federal Deposit Insurance Act ("FDIA") 12 U.S.C. § 1818(b) (1988 & Supp. I 1989), as amended by the Financial Institutions Reform, Recovery, and Enforcement Act of 1989, Pub. L. No. 101-73, 103 Stat. 183 ("FIRREA"). Lehmann desires to cooperate with the OTS and to avoid the time and expense of such administrative litigation and, without admitting or denying that such grounds exist, hereby stipulates and agrees to the following terms in considera-

tion of the forbearance by the OTS from initiating such administrative cease-and-desist litigation against Lehmann with respect to the matters covered in the accompanying Order to Cease and Desist ("Order").

2. JURISDICTION.

- (a) First Federal and First Savings at all times relevant to the allegations set forth herein were each deemed a "savings association" within the meaning of Section 3(b) of the FDIA as amended by FIRREA (to be codified at 12 U.S.C. § 1813(b) and Section 2(4) of the Home Owners' Loan Act 01 1933, 12 U.S.C. § 1462(4) (Supp. I. 1989). Accordingly, each is an "insured depository institution" as that term is defined in Section 3(c) of the FDIA, as amended by FIRREA (to be codified at 12 U.S.C. § 1813(c)).
- (b) Pursuant to Section 3(q) of the FDIA, as amended by FIRREA (to be codified at 12 U.S.C. § 1813(q)), the Director of OTS is the "appropriate Federal Banking agency" to maintain an enforcement proceeding against such savings associations.
- (c) Lehmann was at all times relevant to the allegations set forth herein an institution-affiliated party of First Federal and First Savings under Section 3(u) of the FDIA, as amended by FIRREA (to be codified at 12

U.S.C. § 1813(u)) in that he served as an officer and director of First Federal from May 26, 1988 to September 14, 1990, and as an officer and director of First Savings from May 26, 1988 to July 25, 1989.

The OTS alleges that contrary to safe and sound practices Lehmann, as a member of the board of directors and an officer of First Federal, due to lack of proper oversight of the affairs of First Federal, caused;

- (i) the assistance payments made by the Federal Savings and Loan Insurance Corporation to First Federal in the amount of \$106,134 to be directed to First Savings; and
- (ii) a receivable in the amount of \$535,627 to be established on the books of First Federal as an audit adjustment to reflect that a mortgage-backed security transferred from First Savings to First Federal, as required by the assistance agreement, was the wrong mortgage-backed security, resulting in the shortage of \$535,627 to First Federal.

(d) Therefore, Lehmann is subject to the authority of the  
OTS to initiate and maintain a cease-and-desist pro-  
ceeding against him pursuant to Section 8(b) of the  
FDIA, 12 U.S.C. § 1818(b) (1988 & Supp. I 1989).

3. CONSENT.

Lehmann consents to the issuance by the OTS of the Order. He  
further agrees to comply with the terms of the Order upon  
issuance and stipulates that the Order complies with all  
requirements of law.

4. FINALITY.

The Order is issued under Section 8(b) of the FDIA, 12 U.S.C.  
§ 1818(b) (1988 & Supp. I 1989). 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(1) of  
the FDIA, 12 U.S.C. § 1818(1) (1988 & Supp. I 1989).

5. WAIVERS.

Lehmann waives his right to a notice of charges and the  
administrative hearing provided by Section 8(b) of the FDIA, 12  
U.S.C. § 1818(b) (1988 & Supp. I 1989), 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)  
(1988 & Supp. I 1989), or otherwise to challenge the validity of  
the Order.

WHEREFORE, in consideration of the foregoing, the OTS, by and through its  
Regional Director and Lehmann execute this Stipulation and Consent to The Entry  
of A Cease and Desist Order.

OFFICE OF THRIFT SUPERVISION

By: \_\_\_\_\_ /S/  
Billy C. Wood  
Regional Director  
Midwest Region  
Dallas, Texas

\_\_\_\_\_/S/  
Edmund R. Lehmann

UNITED STATES OF AMERICA  
Before The  
OFFICE OF THRIFT SUPERVISION

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In the Matter of )  
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EDMUND R. LEHMANN, )  
Former Officer and Director )  
of First Federal Savings Bank )  
Hempstead, Texas, and )  
First Savings Bank, )  
Brenham, Texas )  
\_\_\_\_\_ )

Resolution No. DAL-91-192

Dated: October 31, 1991

ORDER TO CEASE AND DESIST

WHEREAS, Edmund R. Lehmann ("Lehmann"), has executed a Stipulation and Consent to The Entry of A Cease and Desist Order, which is incorporated herein by reference ("Stipulation") and is accepted and approved by the Office of Thrift Supervision ("OTS"), acting through its Regional Director for the Midwest Region ("Regional Director") in Dallas, Texas and

WHEREAS, Lehmann, in the Stipulation, has consented and agreed to the issuance of this Order to Cease and Desist ("Order") pursuant to Section 8(b) of the Federal Deposit Insurance Act ("FDIA"), 12 U.S.C. § 1818(b) (1988 & Supp. I 1989), as amended by the Financial Institutions Reform, Recovery and Enforcement Act of 1989, Pub. L. No. 101-73, 103 Stat. 183 ("FIRREA").

NOW THEREFORE, IT IS ORDERED that:

1. Lehmann shall cease and desist from any unsafe or unsound practice as an institution-affiliated party within the meaning of Section 3(u) of the FDIA, as amended by FIRREA (to be codified at 12 U.S.C. § 1818(u)).

2. Lehmann shall cease and desist from further participation, in any manner, in the conduct of the affairs of First Federal Savings Bank, Hempstead, Texas ("First Federal") and First Savings Bank, Brenham, Texas ("First Savings").
3. (a) In settlement of the OTS's claims arising out of Lehmann's service as a director, Lehmann shall make reimbursement of \$1,200 for his service as a director at First Federal and/or First Savings.  
(b) Lehmann shall comply with Paragraph 3(a) by sending to the OTS, Dallas Office, a certified check for \$1,200 made payable to First Savings Association, Brenham, Texas by November 4, 1991.
4. Without the prior written approval of the Regional Director and, if appropriate, another Federal financial institutions regulatory agency, Lehmann may not hold any office in, serve as a director for, 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. § 1818(e)(7)(A) (1988 & Supp. I 1989), hereinafter referred to as a "Covered Institution". Pursuant to Section 8(e)(6) of the FDIA, 12 U.S.C. § 1818(e)(6) (1988 & Supp. I 1989), 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, although this Order is not to be defined as an Order under Section 8(e) of FDIA, 12 U.S.C. § 1818(e).

5. If approval is obtained from the Regional Director or, where appropriate, another Federal financial institutions regulatory agency, Lehmann, upon becoming a director, officer, or controlling person of a Federally insured depository institution, or any holding company thereof, shall obtain advice of competent counsel on his duties and responsibilities, both initially upon accepting such a position and when particular issues arise that may cause Lehmann to be uncertain about his responsibilities.
6. Nothing in this Order, however, prohibits Lehmann from any of the following activities, even though such activities may involve or relate to a Covered Institution:
  - (a) brokerage services for, and sale of securities and other financial products to a Covered Institution as a member of any firm with which he is now, or may hereafter become, associated or as an independent contractor on an arm's length, case-by-case basis, so long as no final order of any appropriate Federal banking agency, as that term is defined in Section 3(q) of the FDIA, 12 U.S.C. § 1813(q), is violated by any such activity;
  - (b) being a customer, depositor, or borrower of a Covered Institution;
  - (c) owning stock, but less than a controlling interest as defined in Section 7(j) of the FDIA, as amended by FIRREA (to be codified at 12 U.S.C. § 1817(j)) and 12 C.F.R. § 574.4, in a Covered Institution;

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

OFFICE OF THRIFT SUPERVISION

/S/

By: \_\_\_\_\_

Billy C. Wood  
Regional Director  
Midwest Region  
Dallas, Texas