

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

In the Matter of	:	
	:	
THOMAS SPIEGEL	:	Re: Order No. 90-1346
	:	
Former Director and	:	
Chief Executive Officer	:	Dated: July 5, 1990
	:	
Columbia Savings and Loan	:	
Association	:	
Beverly Hills, California	:	

TEMPORARY ORDER TO CEASE AND DESIST

On July 5, 1990, the Office of Thrift Supervision ("OTS") issued a Notice of Charges and Hearing and Notice of Intention to Remove and Prohibit, to Direct Restitution, and Notice to Assess Civil Money Penalty ("Notice") against Thomas Spiegel ("Spiegel"), former Director and Chief Executive Officer and presently a major shareholder of Columbia Savings and Loan Association, Beverly Hills, California ("Columbia"), pursuant to the authority of Section 5(d)(1)(A) of the Home Owners' Loan Act of 1933 ("HOLA") as amended by the Financial Institutions Reform, Recovery, and Enforcement Act of 1989, Pub. L. No. 101-73, 103 Stat. 183 ("FIRREA") (to be codified at 12 U.S.C. § 1464(d)(1)(A)), and Section 8(b) of the Federal Deposit Insurance Act ("FDIA"), as amended by FIRREA (to be codified at 12 U.S.C. § 1818(b)).

Upon review of the Notice, and of the entire record herein, the OTS has determined that the violations or unsafe or unsound practices specified in the Notice, and the continuation thereof, are likely to cause insolvency or significant dissipation of the assets or earnings of Columbia, or are likely to weaken the condition of Columbia or otherwise prejudice the interests of Columbia or depositors prior to the completion of the proceedings conducted pursuant to paragraph (1) of subsection (b) of Section 8 of the FDIA, as amended by FIRREA (to be codified at 12 U.S.C. § 1818(b)(1)).

THEREFORE, by the authority under Section 8(c) of the FDIA, as amended by FIRREA (to be codified at 12 U.S.C. § 1818(c)), Spiegel is ORDERED TO CEASE AND DESIST FROM:

1. Until such time that Spiegel has complied fully with this Order, directly or indirectly withdrawing or transferring or attempting to withdraw or transfer funds or other assets from any account at any financial institution or brokerage firm, including without limitation Columbia, in which Spiegel or his immediate family, has a legal or beneficial interest, except to comply with this Order.

IT IS FURTHER ORDERED THAT:

2. Effective immediately upon receipt of this Order, Spiegel shall not directly or indirectly vote or cause or permit to be voted shares of the common or preferred stock of Columbia ("Columbia stock") in which he has a legal or beneficial interest, nor shall Spiegel obtain a proxy to vote or otherwise directly or indirectly vote or cause to be voted any other shares of Columbia

stock, until such time as the Director of OTS or his designee ("Director") permits such voting to occur.

3. No later than 12:00 noon, Pacific Standard Time, on Friday, July 6, 1990, Spiegel shall cause to be deposited in an escrow account, established at a financial institution approved by the Director, all of the common and preferred stock of Columbia in which Spiegel has a legal or beneficial interest. Spiegel's shares of Columbia stock shall remain in this escrow account until such time as the Director permits the stock to be released.

4. No later than 12:00 noon, Pacific Standard Time, on Friday, July 6, 1990, Spiegel shall make restitution to Columbia or Columbia's successor in the amount of \$5,747,000.

The sum represents the amount of unjust enrichment and includes interest calculated until July 1, 1990, at the prime rate of interest as stated in the Wall Street Journal plus 200 basis points ("interest"), resulting from the losses incurred by Columbia on approximately \$28 million in loans that Spiegel caused Columbia to make to Howard Schneider, a personal friend of Spiegel, without adequate underwriting and at below market interest rates, and on Columbia's unsafe and unsound investments in stock options of Schneider's automobile dealerships. This sum also represents the unjust benefits to Spiegel for Spiegel's use of luxury automobiles provided by Schneider to Spiegel at a time when Columbia was negotiating, making or funding loans to Schneider. Spiegel's use of Schneider's automobiles constitute a violation of Savings Associations Regulations and constitutes an unsafe and unsound practice and a reckless disregard for the law.

5. No later than 12:00 noon, Pacific Standard Time, on Friday, July 6, 1990, Spiegel shall make restitution to Columbia or Columbia's successor in the amount of \$463,000.

This sum represents the amount of unjust enrichment to Spiegel resulting from benefits Spiegel received from Columbia for travel, guns and other miscellaneous expenses that were paid by Columbia, including interest. These unauthorized expenses are unsafe and unsound practices and constitute a reckless disregard for the law.

6. No later than 12:00 noon, Pacific Standard Time, on Friday, July 6, 1990, Spiegel shall make restitution to Columbia or Columbia's successor in the amount of \$6,443,000 in cash.

This sum represents the amount of unjust enrichment, including interest, resulting from the benefits to Spiegel and the costs to Columbia in maintaining aircraft and a luxury airplane hangar for the personal benefit of Spiegel, which resulted in losses to Columbia in the amount of restitution the OTS herein is requiring from Spiegel. Spiegel's causing Columbia to incur these losses in the above described manner constitutes unsafe or unsound conduct and a reckless disregard for the law.

7. No later than 12:00 noon, Pacific Standard Time, on Friday, July 6, 1990, Spiegel shall make restitution to Columbia or Columbia's successor in the amount of \$1,094,000.

This sum represents the amount of unjust enrichment including interest to Spiegel resulting from his personal use of corporate assets, including Spiegel's exclusive use or control of the following condominiums owned by Columbia, without reimbursement to

Columbia, for such use: Jackson Hole Unit #3126, located at 1800 Spirit Dance Road, Jackson Hole, Wyoming; Deer Valley Unit #24, located at 1065 Pinnacle Drive, Deer Valley, Park City, Utah; Vintage Club Condominium located at 75-137 Karenishway, the Vintage Club, Indian Wells, California; and Spiegel's control over the use of Jackson Hole Unit #3116, located at 1800 Spirit Dance Road, Spring Creek Ranch, Jackson, Wyoming ("Columbia condominiums"). The personal exclusive use of or control over the use of corporate assets including Columbia condominiums, constitutes an unsafe and unsound practice and constitutes a reckless disregard for the law.

8. No later than 12:00 noon, Pacific Standard Time, on Friday, July 6, 1990, Spiegel shall make restitution to Columbia or Columbia's successor in the amount of \$2,870,000.

This sum represents the amount of unjust enrichment to Spiegel including interest resulting from excessive compensation based on a bonus in the amount of \$2,400,000 that Spiegel received from Columbia in 1989 for the year ended 1988 and includes interest. This excessive compensation is a violation of the Rules and Regulations Applicable to all Savings Associations ("Savings Associations Regulations") and constitutes an unsafe and unsound practice and a reckless disregard for the law.

9. No later than 12:00 noon, Pacific Standard Time, on Friday, July 6, 1990, Spiegel shall make restitution to Columbia or Columbia's successor in the amount of \$2,366,000.

This sum represents the amount of unjust enrichment to Spiegel, including interest, resulting from the payments by

Columbia to the Columbia Savings Charitable Foundation ("Charitable Foundation") without Spiegel obtaining Columbia's board of directors approval. Spiegel's causing Columbia to disburse funds without Columbia's board of directors approval constitutes unsafe and unsound conduct, and is a reckless disregard of the law.

10. No later than 12:00 noon, Pacific Standard Time, on Friday, July 6, 1990, Spiegel shall do or cause to be done all acts necessary to have designated or elected as a director/trustee of the Charitable Foundation a number of persons to constitute a majority of the board acceptable to the Director and to the board of directors and Chief Executive Officer of Columbia.

11. Spiegel immediately shall comply with the decisions of the new Charitable Foundation board regarding the operations of the Charitable Foundation and the location and control of the assets, both cash and securities, as well as the books and records of the Charitable Foundation.

12. Until such time as the new Charitable Foundation board issues a decision regarding the operations and control of the Charitable Foundation and the assets of the Charitable Foundation, Spiegel shall not make any disbursements or participate in any decision to make any disbursements from the Charitable Foundation.

13. Spiegel shall comply with paragraphs 4, 5, 6, 7, 8, and 9 of this Order no later than 12:00 noon, Pacific Standard Time, on July 6, 1990, and may comply with such paragraphs by one or a combination of any of the following means: (a) by paying cash to

Columbia; (b) by establishing and maintaining an escrow account in the amounts provided in paragraphs 4, 5, 6, 7, 8, and 9 at a financial institution approved by the Director; or (c) by providing an irrevocable letter of credit or fidelity bond from a federally insured institution or an insurer approved by the Director and subject to terms and conditions as approved by the Director.

If Spiegel contends that compliance with this order would cause undue hardship to him or his dependents, Spiegel shall make appropriate application to the Director supported by (a) financial statements for himself and his affected dependents, prepared by and certified to by a nationally recognized firm of accountants; (b) the United States and state tax returns for the years 1988 and 1989 for each such person; and (c) affidavits setting forth such other facts as thought to be pertinent.

14. To guarantee against any loss that might result from the prospective sale by Columbia of any of the three of the aforementioned Columbia condominiums which remain on the books of Columbia as an asset, no later than 12:00 noon, Pacific Standard Time, on Friday, July 6, 1990, Spiegel also shall deposit in the escrow account or otherwise provide security as described in paragraph 13 above \$2,356,550, which is an amount equal to the cost of purchasing, furnishing and decorating the Columbia condominiums. If the Columbia condominiums cannot be sold for such values, the difference between the acquisition, furnishing and decorating values and the sale prices shall be paid as restitution to Columbia from this escrow account.

15. Spiegel immediately shall terminate all written and oral agreements with Columbia regarding Spiegel's receipt in any form of compensation from Columbia, including the consulting agreement entered into with Columbia on December 27, 1989.

16. Spiegel's remittance of these moneys, if made in cash, should be made payable to Columbia Savings and Loan Association and delivered to:

Chief Executive Officer
Columbia Saving and Loan Association
8840 Wilshire Boulevard
Beverly Hills, California 90211

17. Notice of the establishment of the escrow account referenced in paragraphs 3, 4, 5, 6, 7, 8 and 9 and the termination of the consulting agreement and all other related agreements referenced in this Order, as well as notice of Spiegel's compliance with this Order should be provided to:

Director
Office of Thrift Supervision
U.S. Department of the Treasury
1700 G Street, N.W.
Washington, D.C. 20552

In addition, one copy of Spiegel's notice of establishment of escrows, termination of the agreements and compliance with this Order, should be delivered to:

Director of Enforcement
Office of Thrift Supervision
U.S. Department of the Treasury
1700 G Street, N.W.
Washington, D.C. 20552

DEFINITIONS

All technical words or terms used in this Order, for which meanings are not specified or otherwise provided by the provisions of this Order, shall, insofar as applicable, have meaning as defined in the Code of Federal Regulations, Title 12, Chapter V; or as defined in FIRREA; the FDIA; or the HOLA; and any such words or terms undefined in the foregoing shall have meanings that accord with the best custom and usage in the savings association industry.

EFFECTIVENESS

THIS ORDER shall be and is effective upon service on Thomas Spiegel, and shall remain effective and enforceable until the completion of the administrative proceeding initiated by the Notice, incorporated by reference herein, served upon Spiegel and until such time as the OTS shall dismiss the charges specified in such Notice, or if a Cease and Desist Order is issued against Spiegel, until the effective date of such Order.

Issued: July 5, 1990

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Timothy Ryan
Director
Office of Thrift Supervision