

Press Releases

March 25, 1996

OTS 96-21 - Former Ohio Thrift Counsel Consents to Prohibition

Office of Thrift Supervision

FOR RELEASE at 1:30 P.M. EST

For further information

Monday, March 25, 1996

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OTS 96-21

202/906-6913

Former Ohio Thrift Counsel Consents to Prohibition

WASHINGTON, D.C., March 25, 1996 -- The former general counsel of an Ohio savings bank has consented to an order from the Office of Thrift Supervision (OTS) banning him from the banking industry.

Clark W. Wideman, who had served as general counsel and as a senior vice president of Jefferson Savings Bank, West Jefferson, Ohio, signed the order without admitting or denying the charges against him. The order in no way affects the operations of the thrift, which remains open for business and with deposits insured by the Savings Association Insurance Fund (SAIF).

OTS accused Wideman of breaching his fiduciary duty to Jefferson, engaging in unsafe and unsound practices, violations of a number of regulations, and violation of a written condition imposed in connection with the granting of an application by the agency.

OTS said the charges were based on actions taken by Wideman, as Jefferson's general counsel, in connection with a change in control application, as well as a number of transactions following that application. The application included a three-year business plan for the thrift, prepared by Wideman, that projected no growth for the thrift and no acquisition of real estate. But, OTS said, Wideman really knew, when the plan was submitted to OTS for approval, that a strategy of growth and land acquisition was being considered.

The application, including the constraining business plan, was approved by the regulator with a provision that any deviations from the plan would require prior notice to and approval by the regulator.

Following the change in control of Jefferson, Wideman and others, OTS charged, participated in a number of transactions, without the prior approval of the regulator, that deviated from the "no growth" plan represented in the application. Two of the land deals Jefferson undertook resulted in losses of more than \$3 million, OTS charged. OTS further charged that Wideman knowingly gave incorrect and misleading legal advice to Jefferson directors about the lawfulness of the transactions and that he failed to disclose the transactions to regulators during discussions with the regulators.

Although OTS originally sought an unspecified amount in restitution from Wideman, the agency imposed no monetary penalty, based on his financial condition as represented in a sworn statement of assets and liabilities.

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The Office of Thrift Supervision (OTS), a bureau of the U.S. Treasury, regulates and supervises the nation's thrift industry. OTS's mission is to ensure the safety and soundness of thrift institutions and to support their role as home mortgage lenders and providers of other community credit and financial services. For copies of news releases or other documents visit the OTS web page at www.ots.treas.gov.