

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

In the Matter of  
John H. Harvison  
An Institution-Affiliated  
Party of  
First Savings Bank, A FSB  
Arlington, Texas

OTS Order No. DAL-95-02  
Date: January 27, 1995

STIPULATION AND CONSENT TO  
THE ENTRY OF AN ORDER OF PROHIBITION

WHEREAS, the Office of Thrift Supervision ("OTS"), based upon information derived from the exercise of its regulatory responsibilities, has informed John H. Harvison ("Harvison"), a person participating in the conduct of the affairs of First Savings Bank, A Federal Savings Bank, Arlington, Texas ("First Savings Bank"), that the OTS is of the opinion that grounds exist to initiate administrative proceedings against Harvison for the issuance of an order of prohibition, pursuant to Section 8(e) of the Federal Deposit Insurance Act ("FDIA"), 12 U.S.C. § 1818(e);<sup>1</sup> and

WHEREAS, Harvison desires to cooperate with the OTS and to avoid the time and expense of such administrative litigation with the OTS; and

WHEREAS, Harvison, for the purposes of this settlement only and without admitting or denying, either that the aforesaid grounds exist or the OTS's factual findings and opinions summarized in the OTS's Findings of Facts below (except to the extent otherwise specifically provided in this Stipulation), hereby stipulates and agrees as follows:

1. All references in this Stipulation and Consent and the Order of Prohibition to the United States Code (U.S.C.) are as amended, except as otherwise specified.

**Prohibition Stipulation - Harvison**  
**Page 2**

**1. JURISDICTION**

- A. First Savings Bank 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, 12 U.S.C. § 1462(4), and an "insured depository institution" as that term is defined in Section 3(c) of the FDIA, 12 U.S.C. § 1813(c).
- B. Harvison, due to his participation in the conduct of the affairs of First Savings Bank, is and has been an "institution-affiliated party", as that term is defined in Section 3(u) of the FDIA, 12 U.S.C. § 1813(u).
- C. Pursuant to Section 3(q) of the FDIA, 12 U.S.C. § 1813(q), the OTS is the "appropriate Federal banking agency" to maintain an enforcement proceeding against such a savings association and/or its institution-affiliated parties, and therefore, Harvison is subject to the authority of the OTS to initiate and maintain a prohibition proceeding against him pursuant to Section 8(e) of the FDIA, 12 U.S.C. § 1818(e).
- D. Due to the operation of Section 8(1)(3) of the FDIA, 12 U.S.C. § 1818(1)(3), the OTS has jurisdiction and authority to take administrative action against Harvison, whose participation in the affairs of First Savings Bank occurred within six years of the date hereof.

**2. CONSIDERATION**

Harvison, in view of the foregoing premises and for the purposes of this settlement only, hereby voluntarily enters into this Stipulation and consents to issuance of the accompanying Order in consideration for the OTS forever releasing and discharging him from all potential claims and charges that have been or might have been asserted by the OTS against him based on

**Prohibition Stipulation - Harvison**  
**Page 3**

any and all alleged violations of law or regulation and unsafe or unsound practices by Harvison while participating in the conduct of the affairs of First Savings Bank.

**3. OTS FINDINGS OF FACT**

The OTS finds that:

- A. Based on an OTS informal examination, the OTS finds that Harvison: (a) caused First Savings Bank to make certain loans to his related interests, which subsequently resulted in losses of \$1,456,088 to First Savings Bank from those loans to Oakview, Ltd., Nu-Way Distributing Company, Nu-Way Oil Company, and Fosha Designs; and (b) participated in concerted action with others to acquire control of First Savings Bank without appropriate disclosure contrary to 12 C.F.R. § 574.3, and participated in the conduct of the affairs of First Savings Bank through attendance at board meetings, and exerting influence in the management of the affairs of First Savings Bank through its shareholders, officers and directors.
- B. Based on the above findings, the OTS is of the opinion that Harvison engaged in violations of regulations and participated in unsafe or unsound practices and demonstrated a willful or continuing disregard for the safety or soundness of First Savings Bank, and that such violations and practices caused First Savings Bank to suffer financial loss or other damage.

**4. CONSENT**

Harvison consents to the issuance by the OTS of the Order, and will comply with the terms of the Order. Harvison further stipulates that the Order (including the OTS's issuance thereof) complies with all requirements of law.

**Prohibition Stipulation - Harvison**  
**Page 4**

**5. FINALITY**

The Order is issued by the OTS under the authority of Section 8(e) of the FDIA, 12 U.S.C. § 1818(e). Upon its issuance by the OTS, the Order shall be a final order that is effective and fully enforceable by the OTS under provisions of federal law, including Section 8(i) of the FDIA, 12 U.S.C. § 1818(i).

**6. WAIVERS**

Harvison, following consultation with his counsel, voluntarily and knowingly waives:

- A. the right to be served with a written notice of the OTS's charges against him (including but not limited to a Notice of Intention to Prohibit and Notice of Charges and Hearing), which notice would be issued and served pursuant to Section 8(e) of the FDIA, 12 U.S.C. § 1818(e) and other applicable law;
- B. the right to an administrative adjudicatory hearing of the OTS's charges against him, which hearing is provided by provisions of Section 8 of the FDIA; see 12 U.S.C. § 1818(e), and 1818(h)(1); and
- C. the right to seek judicial review of the Order, including (but not limited to) any such right provided by Section 8(h)(2) of the FDIA, 12 U.S.C. § 1818(h)(2), or otherwise to challenge the validity of the Order.

**7. OTHER GOVERNMENT ACTIONS NOT AFFECTED; NO DISCHARGE**

The OTS's issuance of the Order and Harvison's consent to such issuance are solely for the purposes of settling and resolving the OTS's administrative claims against Harvison, as provided by Paragraph 2 hereof. Such actions do not release, discharge, compromise, settle, dismiss, resolve, or in any way affect or preclude any actions, claims, civil or criminal charges against, or liability of Harvison that arise in connection with his former

Prohibition Stipulation - Harvison  
Page 5

relationship with First Savings Bank (including its affiliates), and that may be or have been brought by the Resolution Trust Corporation ("RTC"), the Department of Justice, or any other government agency or entity other than the OTS.

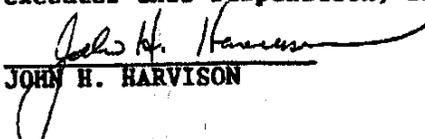
8. AVAILABILITY OF CRIMINAL SANCTIONS

Harvison acknowledges that Section 8(j) of the FDIA, 12 U.S.C. § 1818(j), sets forth the criminal penalties for knowing violations of the Order, which is an Order issued under Section 8(e) of the FDIA, 12 U.S.C. § 1818(e).

9. MISCELLANEOUS

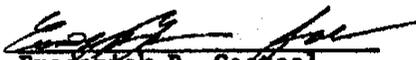
- A. The construction and validity of this Stipulation and the Order shall be governed by the laws of the United States of America.
- B. All references to the OTS in this Stipulation and the Order shall also mean any of the OTS's predecessors, successors and assigns.
- C. The section and paragraph headings in this Stipulation and the Order are for convenience only, and such headings shall not affect the interpretation of this Stipulation or the Order.
- D. The terms of this Stipulation and the Order represent the final written agreement of the parties with respect to the subject matters hereof, and constitute the sole agreement of the parties with respect to such subject matters.

WHEREFORE, on the 12<sup>th</sup> day of January, 1995, JOHN H. HARVISON executes this Stipulation, intending to be legally bound hereby.

  
JOHN H. HARVISON

Accepted By:

OFFICE OF THRIFT SUPERVISION

By:   
Frederick R. Casteel  
Regional Director  
Midwest Region  
Dallas, Texas

Date: January 27, 1995

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Before The  
OFFICE OF THRIFT SUPERVISION  
DEPARTMENT OF THE TREASURY

In the Matter of

John H. Harvison

An Institution-Affiliated  
Party of  
First Savings Bank, A FSB  
Arlington, Texas

OTS Order No. DAL-95-02

Date: January 27, 1995

ORDER OF PROHIBITION

WHEREAS, JOHN H. HARVISON ("Harvison"), has executed a Stipulation and Consent to the Entry of an Order of Prohibition ("Stipulation") on January 12, 1995; and

WHEREAS, Harvison, by his execution of the Stipulation, has consented and agreed to the issuance of this Order of Prohibition ("Order") by the Office of Thrift Supervision ("OTS"), pursuant to Section 8(e) of the Federal Deposit Insurance Act ("FDIA"), 12 U.S.C. § 1818(e); and

WHEREAS, the Director of the Office of Thrift Supervision ("OTS") has delegated to the Regional Director of the OTS the authority to issue Orders on behalf of the OTS where there has been consent of the Respondent.

NOW THEREFORE, IT IS ORDERED, pursuant to Section 8(e) of the FDIA, 12 U.S.C. § 1818(e) that:

1. Harvison is prohibited from participating in any manner in the conduct of ~~the affairs of federally insured depository institutions, and shall be~~ subject to the statutory prohibitions provided by Section 8(e) of the FDIA, 12 U.S.C. § 1818(e). Due to, and without limitation on, the operation of Sections 8(e)(6) and (e)(7) of the FDIA, 12 U.S.C. §§ 1818(e)(6) and 1818(e)(7), Harvison, except upon the prior written consent of the OTS (acting through its Director or an authorized representative thereof) and

any other "appropriate Federal financial institutions regulatory agency", for purposes of Section 8(e)(7)(B)(ii) of the FDIA, 12 U.S.C. § 1818(e)(7)(B)(ii), shall not:

A. hold any office in, or participate in any manner in the conduct of the affairs of, any institution or agency specified in Section 8(e)(7)(A) of the FDIA, 12 U.S.C. § 1818(e)(7)(A) (the "Paragraph (7)(A) Institutions"), including, but not limited to:

- (i) any insured depository institution, as defined in Section 3(c) of the FDIA, 12 U.S.C. § 1813(c);
- (ii) any institution treated as an insured bank under Sections 8(b)(3) and (b)(4) of the FDIA, 12 U.S.C. §§ 1818(b)(3) and (b)(4), or as a savings association under Section 8(b)(9) of the FDIA, 12 U.S.C. § 1818(b)(9), e.g., subsidiaries and holding companies of banks or savings associations;
- (iii) any insured credit union under the Federal Credit Union Act, 12 U.S.C. § 1751 et seq.;
- (iv) any institution chartered under the Farm Credit Act of 1971, 12 U.S.C. § 2001 et seq.;
- (v) any appropriate Federal financial institutions regulatory agency, within the meaning of Section ~~8(c)(7)(D) of the FDIA, 12 U.S.C. § 1818(e)(7)(D);~~
- (vi) the Federal Housing Finance Board and any Federal Home Loan Bank; and
- (vii) the Resolution Trust Corporation.

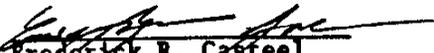
B. solicit, procure, transfer, attempt to transfer, vote or attempt to vote any proxy, consent or authorization with respect to any voting rights in any Paragraph (7)(A) Institution;

- C. violate any voting agreement previously approved by the "appropriate Federal banking agency" within the meaning of Section 3(q) of the FDIA, 12 U.S.C. § 1813(q); or
  - D. vote for a director, or serve or act as an "institution-affiliated party", as that term is defined at Section 3(u) of the FDIA, 12 U.S.C. § 1813(u), e.g., a director, officer, employee, controlling stockholder of, or agent of an insured institution.
2. Harvison shall promptly respond to any request from the OTS for documents that the OTS reasonably requests to demonstrate compliance with this Order.
  3. Upon termination of the Voting Trust, dated January 27, 1995, and pursuant to Article 8 thereof, Harvison shall not directly or indirectly exercise or attempt to exercise any influence or control over the shareholders of Arlington Savings Bancshares of Delaware, Inc., who were voting trust certificate holders in such Voting Trust, concerning the manner in which they exercise their voting rights, or concerning the operations of Arlington Savings Bancshares of Delaware, Inc., First Savings Bank, A FSB, or its subsidiaries or affiliates.
  4. Due to issuance of this Order, Harvison is a person "subject to an Order in effect under subsection (e)" of Section 8 of the FDIA, 12 U.S.C. § 1818, for purposes of Section 8(j) of the FDIA, 12 U.S.C. § 1818(j).
  5. The Stipulation is made a part hereof and is incorporated herein by this reference.
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6. This Order is and shall become effective on the date it is issued, as shown in the caption hereof. This Order shall remain in effect until it is terminated, modified or suspended, which may occur only upon formal written action of the OTS.

OFFICE OF THRIFT SUPERVISION

By:

  
Frederick R. Casteel  
Regional Director  
Midwest Region