

**UNITED STATES OF AMERICA
Before The
OFFICE OF THRIFT SUPERVISION**

In the Matter of

John H. Harvison, An
Institution-Affiliated Party of
First Savings Bank, A Federal
Savings Bank
Arlington, Texas

No.: DAL-95-03

Dated: January 27, 1995

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

WHEREAS, The Office of Thrift Supervision ("OTS"), based upon information derived from the exercise of its regulatory responsibilities, has informed John H. Harvison, ("Respondent"), that he is deemed to be an institution-affiliated party of First Savings Bank, A Federal Savings Bank (OTS No. 8287), Arlington, Texas ("First Savings Bank"), and that the OTS is of the opinion that grounds exist to initiate an administrative cease and desist proceeding against Respondent pursuant to Section 8(b) of the Federal Deposit Insurance Act ("FDIA"), 12 U.S.C. § 1818(b);¹ and

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

NOW THEREFORE, for the purposes of this settlement only, without admitting or denying that such grounds exist for the aforesaid administrative proceeding, Respondent hereby stipulates and agrees to the following terms:

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).

1. All references to the U.S.C. are as amended.

Accordingly, it is an "insured depository institution" as that term is defined in Section 3(c) of the FDIA, 12 U.S.C. § 1813(c).

- (b) Respondent, at all times relevant to the allegations set forth herein, in the opinion of the OTS was a controlling person and a person participating in the conduct of the affairs of First Savings Bank and as such is deemed to be an "institution-affiliated party" of First Savings Bank as defined in Section 3(u) of the FDIA, 12 U.S.C. § 1813(u), having participated as such within six years of the date hereof (See 12 U.S.C. § 1818(1)(3)).
- (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 First Savings Bank and/or its institution-affiliated parties. Therefore, Respondent is subject to the authority of the OTS to initiate and maintain a cease and desist proceeding against him pursuant to Section 8(b) of the FDIA, 12 U.S.C. § 1818(b).

2. OTS FINDINGS OF FACTS

- (a) The OTS finds that Respondent acted with reckless disregard for safe and sound practices, and in violation of 12 C.F.R. § 563.43 by causing First Savings Bank to make certain loans to his related interests, which subsequently resulted in losses to First Savings Bank from certain of those loans and transactions as referenced in the accompanying Cease and Desist Order ("Order") and Exhibit A thereof.
- (b) The OTS finds that Respondent 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 and officers and directors.

3. CONSENT

- (a) Respondent consents to the issuance by the OTS of the accompanying Order. He further agrees to comply with its terms upon issuance and stipulates that the Order complies with all requirements of law, including Section 8(b) of the FDIA, 12 U.S.C. § 1818(b).
- (b) Respondent acknowledges that the debt owed pursuant to the Order is not dischargeable under the Bankruptcy Code, in accordance with 11 U.S.C. §§ 523(a)(11) and (12).

4. FINALITY

The Order is issued by the OTS under the authority of Section 8(b) of the FDIA, 12 U.S.C. § 1818(b). Upon issuance of the Order, it shall be a final order that is effective and fully enforceable by the OTS under the provisions of Section 8(1) of the FDIA, 12 U.S.C. § 1818(1).

5. WAIVERS

Respondent waives the following rights:

- (a) The right to be served with a written notice of the OTS's charges against him (See Section 8(b) of the FDIA, 12 U.S.C. § 1818(b));
- (b) The right to an administrative hearing of the OTS's charges against him (See Section 8(b) of the FDIA, 12 U.S.C. § 1818(b));
and
- (c) The right to seek judicial review of the Order, including, without limitation, such right provided by Section 8(h) of the

FDIA, 12 U.S.C. § 1818(h), or otherwise to challenge the validity of the Order.

6. INDEMNIFICATION

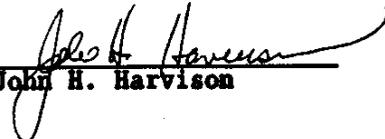
Respondent shall neither cause nor permit First Savings Bank (or any subsidiary thereof) to incur, directly or indirectly, any expense for any legal fees (or other professional expenses) relative to the negotiation and issuance of the Order, nor obtain any indemnification (or other reimbursement) from First Savings Bank (or any subsidiary thereof) with respect to such amount. Any such payments received by or on behalf of Respondent in connection with this action shall be returned to First Savings Bank.

7. ACKNOWLEDGMENTS

- (a) Respondent acknowledges and agrees that this Stipulation and Consent to the Entry of a Cease and Desist Order, the Order, and the Reimbursement and Indemnification Agreement attached as Exhibit A thereto contemplated as part of the resolution of the matters contained therein, do not compromise, settle, dismiss, resolve, or in any way affect any civil actions, charges against, or liability of Respondent that may be brought by any governmental entity other than the OTS whether arising due to the findings of the OTS or otherwise.
- (b) Respondent acknowledges that Section 8(i) of the FDIA, 12 U.S.C. § 1818(i), sets forth civil money penalties for violations of this Order.

WHEREFORE, John H. Harvison, duly signs this Stipulation and Consent to the Entry of a Cease and Desist Order on this 12th day of June, 1995.

By:


John H. Harvison

Accepted By:

OFFICE OF THRIFT SUPERVISION


Frederick R. Casteel
Regional Director
Midwest Region
Dallas, Texas

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Institution-Affiliated Party of)
First Savings Bank, A Federal)
Savings Bank)
Arlington, Texas)

No.: DAL-95-03

Dated: January 27, 1995

ORDER TO CEASE AND DESIST

WHEREAS, John H. Harvison, ("Respondent") has executed a Stipulation and Consent to the Entry of a Cease and Desist Order ("Stipulation"), on January 12, 1995 (date); and

WHEREAS, Respondent, by his execution of the Stipulation, the terms of which are incorporated herein by reference, has consented and agreed to the issuance of this Order to Cease and Desist ("Order") by the Office of Thrift Supervision ("OTS"), pursuant to Section 8(b) of the Federal Deposit Insurance Act ("FDIA"), 12 U.S.C. § 1818(b).¹

NOW THEREFORE, IT IS ORDERED that:

1. Respondent shall cause restitution to be made to First Savings Bank, a Federal Savings Bank ("First Savings Bank") in the amount of one million, four hundred fifty-six thousand, eighty-eight dollars (\$1,456,088.00), within twenty days of the effective date of this Order. This sum represents amounts classified as loss and charged off on loans made by First Savings Bank, as further detailed in the Reimbursement and Indemnification Agreement

1. All references to the U.S.C. are as amended.

attached hereto as Exhibit A. The reimbursement includes all interest due, management, legal and other carrying costs, and expenses incurred through the date on which payment is due.

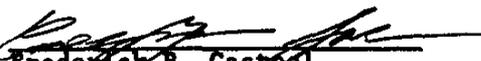
2. Within five days of the reimbursement required by Paragraph 1, Respondent shall provide affirmative evidence acceptable to the OTS that the reimbursement required by Paragraph 1 has been made to First Savings Bank, Post Office Box 1959, Arlington, Texas 76004-1959.
3. Respondent shall also indemnify First Savings Bank and reimburse First Savings Bank for any loss incurred, including legal fees and accrued interest and carrying costs, that directly results from a failure or refusal by the relevant primary, and if appropriate, secondary obligor(s) to make a required payment thereunder when due and payable (inclusive of applicable notice and grace periods) with respect to the loans and transactions originated and entered into with Respondent and/or his related interests as of the dates and in amounts set forth in the Reimbursement and Indemnification Agreement attached hereto as Exhibit A.
4. (a) The terms and conditions of the restitution and indemnification with respect to Paragraphs 1 and 3 herein shall be consistent with the terms and conditions set forth in the Reimbursement and Indemnification Agreement attached as Exhibit A of this Order and which has been determined to be acceptable in form and content to the Regional Director and the OTS.

- (b) Respondent shall enter into the Reimbursement and Indemnification Agreement by no later than the date of the entry of this Order.
5. Respondent shall take any affirmative action necessary to correct any conditions resulting from violations of this Order, including but not limited to restitution, reimbursement, and indemnification.
6. The Stipulation is made a part hereof and is incorporated herein by this reference.
7. This Order is subject to the provisions of Section 8(j) of the FDIA, 12 U.S.C. § 1818(j), and shall become effective on the date it is issued, as shown in the caption above.

This Order shall remain in effect until terminated, modified, or suspended by the OTS, acting through the Regional Director or his designee.

THE OFFICE OF THRIFT SUPERVISION

By:


Frederick R. Casteel
Regional Director
Midwest Region
Dallas, Texas