

UNITED STATES OF AMERICA
Before The
OFFICE OF THRIFT SUPERVISION

In the Matter of)
DOUGLAS A. PARRAN, JR.)
Former President and A)
Director of First Annapolis)
Savings Bank, FSB)
Annapolis, Maryland)

Resolution No.: ATL-93-13
Dated: March 19, 1993

STIPULATION AND CONSENT TO THE ENTRY
OF A PROHIBITION ORDER AND A RESTITUTION ORDER

The Office of Thrift Supervision ("OTS"), by and through its Regional Director for the Southeast Region, and Douglas A. Parran, Jr. ("Parran"), the former President and a Director of First Annapolis Savings Bank, FSB, Annapolis, Maryland, ("First Annapolis" or "Institution") hereby stipulate and agree as follows:

1. Consideration. The OTS, based upon its investigative findings as set forth below, is of the opinion that grounds exist to initiate an administrative proceeding against Parran, pursuant to Section 8(e) of the Federal Deposit Insurance Act ("FDIA"), 12 U.S.C.A. § 1818(e) (West 1989 & Supp. 1992) and Section 5(d)(2)(A) of the Home Owners' Loan Act of 1933 ("HOLA"), 12 U.S.C.A. § 1464(d)(2)(A) (West 1989) (for activity prior to August 9, 1989). The grounds

include unsafe and unsound practices in conducting the business of First Annapolis and violations of the July 1987 Supervisory Agreement ("Agreement"), as follows:

(a) Parran served both as a director and officer of First Annapolis and of its wholly owned real estate development subsidiary, Delta Financial Corporation, Inc. ("Delta"), prior and subsequent to the signing of the Agreement.

(b) One of the principal conditions of the Agreement required that, among other things, First Annapolis divest the Institution's (over) investment in service corporations that at the time exceeded the limitations of 12 C.F.R. § 545.74(c).

(c) Subsequent to the effective date of the Supervisory Agreement, Parran was responsible for the origination or approval of at least three limited partnership arrangements, created to fund new projects through Delta, and at least three direct loans, that resulted in a substantial increase in the Institution's investment in service corporations, in violation of the Agreement.

(d) In addition, Parran also was responsible for the origination or approval of two major projects that were structured as loans, rather than as partnerships, in an apparent attempt to circumvent the investment limitations for service corporations and the requirements of the Agreement.

(e) The investments in the service corporation that were made in violation of the Agreement resulted in

estimated losses to the Institution, as of January 25, 1991, in excess of \$3.3 million.

(f) As a result of these actions, Parran engaged or participated in unsafe or unsound practices and violations of the Agreement. By reason of the foregoing unsafe or unsound practices and violations, First Annapolis has suffered substantial financial loss or other damage. Further, such unsafe or unsound practices and violations demonstrate a willful or continuing disregard by Parran for the safety and soundness of First Annapolis.

Parran desires to cooperate with the OTS and to avoid the time and expense of such administrative proceeding and, without admitting or denying that such grounds exist, hereby stipulates and agrees to the following terms in consideration of the forbearance of OTS from initiating such administrative proceeding against Parran.

2. Jurisdiction.

(a) First Annapolis was a "savings association" within the meaning of Section 3(b)(1) of the FDIA, 12 U.S.C.A. § 1813(b)(1). The Institution was an "insured depository institution" as that term is defined in Section 3(c)(2) of the FDIA, 12 U.S.C.A. § 1813(c)(2).

(b) Parran, as President and a Director of First Annapolis, was an "institution-affiliated party" as that term is defined in Section 3(u) of the FDIA, 12 U.S.C.A. § 1813(u).

(c) The Director of the OTS is the "appropriate

Federal banking agency" to maintain an administrative proceeding against such a savings association or its institution-affiliated parties, pursuant to Section 3(q)(4) of the FDIA, 12 U.S.C.A. § 1813(q)(4). Therefore, Parran is subject to the authority of the OTS to initiate and maintain an administrative proceeding against him pursuant to Section 8(e) of the FDIA, 12 U.S.C.A. § 1818(e) and Section 5(d) of the HOLA, 12 U.S.C.A. § 1464(d).

3. Consent. Parran consents to the issuance by the OTS of the accompanying Order of Prohibition ("Order"). He further agrees to comply with its terms upon issuance and stipulates that the Order complies with all requirements of law.

4. Finality. The Order is issued under Section 8(e) of the FDIA, 12 U.S.C.A. § 1818(e) and Section 5(d) of the HOLA, 12 U.S.C.A. § 1464(d). 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(i) of the FDIA, 12 U.S.C.A. § 1818(i).

5. Waivers. Parran waives his right to a notice of charges and notice of intention to prohibit and the administrative hearing provided by Section 8(e) of the FDIA, 12 U.S.C.A. § 1818(e), and by Section 5(d) of the HOLA, 12 U.S.C.A. § 1464(d), and further waives his right to seek judicial review of the Order, including any such right provided by Section 8(h) of the FDIA, 12 U.S.C.A. § 1818(h), or otherwise to challenge the validity of the Order.

Further, this Stipulation, the Order and the payment by Parran of any monies or providing any other financial relief as contemplated by the Order, do not compromise, settle, dismiss, resolve, or in any way affect any civil actions, charges against, or liability of Parran that arise pursuant to this action or otherwise, and that may be or have been brought by the Resolution Trust Corporation or any other governmental entity other than the OTS.

Parran acknowledges and agrees that this proceeding, the assessment or payment of the monies contemplated as part of the resolution thereof, and Parran's consent to the entry of the Order are for the purposes of resolving this OTS enforcement matter only, and do not resolve, affect or preclude any other civil or criminal proceeding which may be or has been brought against Parran by the OTS, for matters not covered by the Order, or another governmental entity.

By signing this document Parran agrees that he will not assert the assessment or payment of this restitution as the basis for a claim of double jeopardy in any pending or future proceeding brought by the United States Department of Justice or any other governmental entity.

The OTS' decision to enter into this Stipulation has been predicated in part upon representations made by Parran concerning the amount, nature and quality of cash, property and other assets owned by Parran ("Assets"). It is understood that Parran has made a good faith estimate of the current value of his Assets, and Parran understands that

should the OTS discover or learn from any source that the representations made by him about his Assets were intentionally or materially false, including but not limited to the failure to identify and/or value any Asset, the OTS reserves the right to void the settlement reached between the OTS and Parran, including this Stipulation and the Order, and initiate an administrative proceeding against Parran or take any other legal action that the OTS in its sole discretion deems appropriate.

WHEREFORE, in consideration of the foregoing and intending to be legally bound hereby, the Regional Director for the Southeast Region, on behalf of the OTS, and Parran execute this Stipulation and Consent to the Entry of a Prohibition Order and a Restitution Order.

OFFICE OF THRIFT SUPERVISION

By: _____

/S/

John E. Ryan
Regional Director
Southeast Region

/S/

Douglas A. Parran, Jr.

UNITED STATES OF AMERICA
Before The
OFFICE OF THRIFT SUPERVISION

In the Matter of
DOUGLAS A. PARRAN, JR.
Former President and A
Director of First Annapolis
Savings Bank, FSB
Annapolis, Maryland

Resolution No.: ATL-93-13
Dated: March 19, 1993

ORDER OF PROHIBITION AND
ORDER OF RESTITUTION

WHEREAS, Douglas A. Parran, Jr. ("Parran") has executed a Stipulation and Consent to the Entry of a Prohibition Order and a Restitution Order ("Stipulation"), which is accepted and approved by the Office of Thrift Supervision ("OTS") acting through its Regional Director for the Southeast Region; and

WHEREAS, Parran in the Stipulation has consented and agreed to the issuance of this Order of Prohibition and Order of Restitution ("Order"), pursuant to Section 8(e) of the Federal Deposit Insurance Act ("FDIA"), 12 U.S.C.A. § 1818(e) (West 1989 & Supp. 1992), and Section 5(d)(2)(A) of the Home Owners' Loan Act of 1933 ("HOLA"), 12 U.S.C.A. § 1464(d)(2)(A) (West 1989) (for activity prior to August 9, 1989).

NOW THEREFORE, IT IS ORDERED that:

1. Parran is prohibited from further participation, in any manner, in the conduct of the affairs of First Annapolis Savings Bank, FSB, Annapolis, Maryland ("First Annapolis" or "Institution"), its holding company(ies), or service corporation(s).

2. Without the prior written approval of the Regional Director for the Southeast Region and, if appropriate, any other Federal financial institutions regulatory agency, Parran may not hold any office in, 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.A. § 1818(e)(7)(A). Pursuant to Section 8(e)(6) of the FDIA, 12 U.S.C.A. § 1818(e)(6), 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.

3. Within 90 days of the effective date of this Order, Parran shall shall pay the Resolution Trust Corporation as receiver for First Federal Savings Bank of Annapolis (formerly First Annapolis) (at 50 Hurt Plaza, Suite 208, Atlanta, Georgia 30303 to the attention of Bill Caldwell, Accounting Supervisor, PW/MRC Joint Venture) the sum of ten thousand dollars (\$10,000). This sum represents repayment for some of the estimated losses to First Annapolis, totaling in excess of \$3.3 million as of January 25, 1991, as a result of the violations of the July 1987 Supervisory Agreement

described in the Stipulation.

4. Within 5 days of the effective date of this Order, Parran shall execute and submit to the Regional Director a promissory note for the benefit of the Resolution Trust Corporation as receiver for First Federal Savings Bank of Annapolis for the sum of ten thousand dollars (\$10,000) in acknowledgment of the debt owed to First Annapolis pursuant to the terms of this Order.

5. The Stipulation is made a part hereof and is incorporated herein by this reference.

6. This Order is subject to the provisions of Section 8(j) of the FDIA, 12 U.S.C.A. § 1818(j), and shall become effective on the date it is issued.

THE OFFICE OF THRIFT SUPERVISION

By: John E. Ryan/
Regional Director
Southeast Region