

UNITED STATES OF AMERICA
Before The
OFFICE OF THRIFT SUPERVISION

In the Matter of)

ANDREW R. MCGUKIN,)

Former)

President, Director and)
Chief Executive Officer of)

Carrollton Federal Bank)

Carrollton, Georgia)

Resolution No.: ATL-92-33

Dated: April 17, 1992

STIPULATION AND CONSENT TO
ISSUANCE OF CEASE AND DESIST ORDER - RESTITUTION

The Office of Thrift Supervision ("OTS"), by and through its Regional Director for the Southeast Region, and Andrew R. McGukin, former President, Director and Chief Executive Officer ("McGukin") of Carrollton Federal Bank, Carrollton, Georgia, OTS Docket No. 485 ("Carrollton") hereby stipulate and agree as follows:

1. Consideration. The OTS, based upon information derived from the exercise of its supervisory and regulatory powers, is of the opinion that grounds exist to initiate an administrative cease and desist proceeding against McGukin pursuant to Section 8(b)(6) of the Federal Deposit Insurance Act ("FDIA"), 12 U.S.C. § 1818(b)(6) (1988 & Supp. I 1989). McGukin caused Carrollton to make loans to companies that were

affiliated persons of Carrollton, engaged in numerous conflicts of interest by not informing Carrollton of his interest in and potential benefit from loans made by Carrollton, and usurped corporate opportunity from Carrollton by operating and receiving substantial income from an insurance brokerage service using Carrollton borrowers and employees. McGukin also closed loans without the required approval of Carrollton's board of directors ("board") and concealed from the board where the proceeds of certain loans were going. These actions by McGukin constitute grounds for the attached Cease and Desist Order for Restitution ("Order") in that they include: (a) violations of and/or substantial noncompliance with certain regulations or policy statements, including 12 C.F.R. §§ 563.43, 571.7 and 571.9; (b) unsafe and unsound practices committed by McGukin that resulted in loss to Carrollton and demonstrate McGukin's continuing and willful disregard for the safety and soundness of Carrollton; and (c) breaches of fiduciary duty that resulted in loss to Carrollton and gain to McGukin.

McGukin understands and acknowledges that the restitution amount is based solely upon his financial status as known to him and represented by him, under oath, to the OTS. In the event OTS finds that McGukin misrepresented his financial condition, OTS may require McGukin to pay additional restitution to Carrollton. Any significant change in McGukin's

financial status shall be reported to the OTS immediately, but no later than five (5) days after the change occurs.

This Stipulation and Consent, the Order and the payment by McGukin of any monies or providing any other financial relief as contemplated by the Order, does not compromise, settle, dismiss, resolve, or in any way affect any civil actions, charges against, or liability of McGukin 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.

McGukin desires to cooperate with the OTS and to avoid the time and expense of an 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 cease and desist proceeding against him.

2. Jurisdiction.

(a) Carrollton is a "savings association" within the meaning of Section 3(b) of the FDIA, 12 U.S.C. § 1813(b) and Section 2 of the Home Owners' Loan Act of 1933 ("HOLA"). 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) McGukin as a former President, Director and Chief Executive Officer of Carrollton was 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 of the FDIA, the OTS is the "appropriate Federal banking agency" to maintain an administrative proceeding against such a savings association or its institution-affiliated parties. Therefore, McGukin is subject to the authority of the OTS to initiate and maintain a cease and desist proceeding against him pursuant to Section 8(b)(6) of the FDIA, 12 U.S.C. § 1818(b)(6).

3. Consent. McGukin 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.

4. Finality. The Order is issued under Section 8(b)(6) of the FDIA, 12 U.S.C. § 1818(b)(6). 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. § 1818(i).

5. Waivers. McGukin waives his right to a notice of charges and the administrative hearing provided by Section 8(b) of the FDIA, 12 U.S.C. § 1818(b), 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. § 1818(h), or otherwise to challenge the validity of the Order.

WHEREFORE, in consideration of the foregoing and intending

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to be legally bound hereby, the Regional Director for the Southeast Region, on behalf of the OTS, and McGukin execute this Stipulation and Consent to Issuance of Cease and Desist Order - Restitution.

OFFICE OF THRIFT SUPERVISION

By: /S/
John E. Ryan
Regional Director
Southeast Region

 /S/
Andrew R. McGukin

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CEASE AND DESIST ORDER - RESTITUTION

WHEREAS, Andrew R. McGukin ("McGukin") has executed a Stipulation and Consent to Issuance of Cease and Desist Order for Restitution ("Stipulation"), which is accepted and approved by the Office of Thrift Supervision ("OTS") acting through its Regional Director for the Southeast Region; and

WHEREAS, McGukin in the Stipulation has consented and agreed to the issuance of this Cease and Desist Order for Restitution ("Order") pursuant to Section 8(b)(6)(A) of the Federal Deposit Insurance Act ("FDIA"), 12 U.S.C. § 1818(B)(6)(A).

NOW THEREFORE, IT IS ORDERED that:

1. McGukin shall pay restitution to Carrollton Federal Bank, Carrollton, Georgia ("Carrollton") in the amount of \$14,000.

The restitution to Carrollton shall be paid as follows:

\$4,000 immediately upon receipt of the initial deferred compensation payment from Carrollton;
\$1,500 on or before January 15, 1993;
\$1,750 on or before January 15, 1994;
\$2,000 on or before January 15, 1996;
\$2,250 on or before January 15, 1997; and
\$2,500 on or before January 15, 1998

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

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

THE OFFICE OF THRIFT SUPERVISION

By: /S/
John E. Ryan
Regional Director
Southeast Region