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OTS from initiating such administrative prohibition litigation against McArthur. McArthur, without trial, presentation of any evidence, or findings of fact pursuant to an administrative judicial hearing, has consented to the terms of the Stipulation. The OTS has determined that it is appropriate, and in the best interest of the public to execute the Stipulation and the attached Order of Prohibition ("Order"). This Stipulation and Order are not intended to, nor shall they be construed to have the effect of, limiting the right of any governmental or administrative agency to initiate or pursue any other action, civil or otherwise, against McArthur.

2. Jurisdiction. The OTS is of the opinion that:

(a) First Federal Saving Bank and Trust, Pontiac, Michigan (the "Institution"), at all times relevant to the allegations set forth herein, was a "savings association" within the meaning of 12 U.S.C. §§ 1813(b) and 1462(4). Accordingly, it was an "insured depository institution" as that term is defined in Section 3(c) of the FDIA, 12 U.S.C. § 1813(c).

(b) Until August 9, 1989, the accounts of the Institution were insured by the Federal Savings and Loan Insurance Corporation ("FSLIC") pursuant to Section 403(b) of the National Housing Act of 1934 ("NHA"), 12 U.S.C. § 1726(b), by reason of which it was an "insured institution" within the meaning of the NHA.

(c) As of August 9, 1989, pursuant to the provisions of FIRREA, the insurance of the accounts of the Institution was

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transferred to the Federal Deposit Insurance Corporation.

(d) Until August 9, 1989, the Federal Home Loan Bank Board ("FHLBB"), as operating head of the FSLIC, was the regulatory agency with jurisdiction over the Institution and persons participating in the conduct of its affairs, including McArthur, pursuant to Sections 403 and 407 of the NHA, 12 U.S.C. §§ 1726 and 1730.

(e) As of August 9, 1989, pursuant to Section 3(q) of the FDIA, 12 U.S.C. § 1813(q), the OTS succeeded to the interests of the FHLBB with respect to the supervision and regulation of all savings associations, and thus became the "appropriate Federal banking agency" with jurisdiction over the Institution and persons participating in the conduct of the affairs thereof.

(f) The Director of the OTS has the authority to bring administrative prohibition proceedings against persons participating in the conduct of the affairs of the Institution and institution-affiliated parties, pursuant to 12 U.S.C. §§ 1464(d)(1)(A) and 1818(e).

(g) Between January 1987 and June 1990, while McArthur was a commercial loan officer at First Federal, McArthur violated regulations and engaged in unsafe and unsound practices in that he:

- (1) failed to obtain documentation showing the date, amount, and purpose of the disbursement of loan proceeds on the following real estate loans: Lincoln Center II, Burger King Restaurant, Auto

Mall, HRG Development, Onshor, and G&N Development in violation of 12 C.F.R. § 563.17-1(c)(1)(vii)(1987) and 12 C.F.R. § 563.170(c)(1)(vii)(1990).

- (2) failed to obtain inspection reports demonstrating that the work for which each disbursement was sought had been completed on the following real estate loans: Lincoln Center II, Burger King Restaurant, Auto Mall, HRG Development, Onshor, and G&N Development in violation of 12 C.F.R. § 563.17-1(c)(1)(viii) and 12 C.F.R. § 563.170(c)(1)(viii)(1990).
- (3) failed to obtain a written appraisal report prior to disbursing funds on the Auto Service Mall loan in violation of 12 C.F.R. § 563.17-1(c)(1)(iv)(1989).
- (4) engaged in numerous unsafe and unsound lending practices such as presenting misleading and inaccurate information to the loan committee; concealing loan delinquencies from management, the Board of Directors and the examiners; using unverified cost estimates provided by the borrower to underwrite construction loans; and relying on intangible assets as collateral for construction loans.

3. Consent. Without admitting or denying the need or basis therefor, McArthur consents to the issuance by the OTS of the accompanying Order of Prohibition ("Order"), a copy of which is attached hereto and incorporated as Exhibit A. He further agrees





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and Trust, Pontiac, Michigan and its service corporations, subsidiaries, and successors.

2. Without the prior written approval of the Regional Director for the Central Regional Office of the OTS and, if appropriate, another Federal financial institutions regulatory agency, McArthur may not act as a director for, 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 12 U.S.C. § 1818(e)(7)(A), hereinafter referred to as a "Covered Institution." Pursuant to 12 U.S.C. § 1818(e)(6), conduct prohibited by this Order includes, inter alia, the solicitation, the transfer or the exercise of any voting rights with respect to any securities issued by any insured depository institution.

3. All technical words or terms used in this Order, for which meanings are not specified or otherwise provided for by the provisions of this Order, shall, insofar as applicable, have meanings as defined in Chapter V of Title 12 of the Code of Federal Regulations, FDIA, or the Home Owners' Loan Act ("HOLA"), or as such definition is amended after the execution of this Order, and any such technical words or terms used in this Order and undefined in said Code of Federal Regulations, FDIA, or HOLA, shall have meanings that accord with their best custom and usage in the savings and loan industry.

4. Nothing in this Order, however, prohibits McArthur from the following activities, even though such activities may involve or

