

UNITED STATES OF AMERICA
Before The
OFFICE OF THRIFT SUPERVISION

In the Matter of:)
)
WILLIAM L. LLOYD)
)
Appraiser who provided)
appraisals and related)
valuation advice to:)
)
First Federal Savings Bank)
and Trust)
Pontiac, Michigan)
)

Re: Resolution No. CHI-92-27

Dated: June 26, 1992

STIPULATION AND CONSENT TO
ISSUANCE OF ORDER OF PROHIBITION

The Office of Thrift Supervision ("OTS"), by and through its Regional Director for the Central Regional Office, and William L. Lloyd ("Lloyd"), hereby stipulate and agree as follows:

1. Consideration. The OTS, based upon information reported to it, is of the opinion that the grounds exist to initiate an administrative prohibition proceeding against Lloyd pursuant to Section 8(e) of the Federal Deposit Insurance Act ("FDIA"), 12 U.S.C. § 1818(e) (1988 and Supp. I 1989). Lloyd desires to cooperate with the OTS and to avoid the time and expense of such administrative litigation. Without admitting or denying the statements, conclusions or terms herein, Lloyd hereby stipulates and agrees to the following terms in consideration of the

forbearance by the OTS from initiating such administrative prohibition litigation against Lloyd. Lloyd, 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 other governmental or administrative agency to initiate or pursue any other action, civil or otherwise, against Lloyd.

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

(a) First Federal Savings 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 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). 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 transferred to the Federal Deposit Insurance Corporation.

(d) Until August 9, 1989, the Federal Home Loan Bank Board ("FHLBB"), was the regulatory agency with jurisdiction over the Institution and persons participating in the conduct of its affairs, including Lloyd, pursuant to Section 5 of the HOLA, 12 U.S.C. § 1464.

(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 Section 5(d)(1)(A) of the HOLA, 12 U.S.C. § 1464(d)(1)(A), and Section 8(e) of the FDIA, 12 U.S.C. § 1818(e).

(g) OTS further alleges that Lloyd provided the Institution with an appraisal of a project known as Island Harbor, with a valuation date of April 30, 1990 (the "Lloyd Appraisal"). Over 28 pages of the Lloyd Appraisal were plagiarized from another

appraisal which had been done on the same property approximately one year before. Lloyd not only copied this material verbatim from the earlier appraisal, he also incorporated incorrect assumptions and mathematical errors taken directly from the earlier appraisal into the Lloyd Appraisal.

(h) OTS further alleges that as a result of Lloyd's plagiarism, the Institution was denied the independent appraisal judgment to which it was entitled. This constituted an unsafe and unsound banking practice and exposed the Institution to an improper risk of loss.

(i) OTS further alleges that Lloyd was at all times relevant hereto an appraiser who performed appraisals for and rendered appraisal services to the Institution. Based on the foregoing, Lloyd's actions were either knowing or reckless. Accordingly, Lloyd is an "institution-affiliated party" as that term is defined in Section 3(u) of the FDIA, 12 U.S.C. § 1813(u), and as such, is subject to the authority of the OTS to initiate and maintain prohibition proceedings pursuant to Section 8(e) of the FDIA, 12 U.S.C. § 1818(e).

3. Consent. Without admitting or denying the need or basis therefor, Lloyd 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 to comply with its terms upon issuance and stipulates that the Order complies with all requirements of law.

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ORDER OF PROHIBITION

WHEREAS, William L. Lloyd ("Lloyd") has executed a Stipulation and Consent to Issuance of Order of Prohibition ("Stipulation"), which is incorporated herein by reference and is accepted and approved by the Office of Thrift Supervision ("OTS"), acting through its Regional Director for the Central Regional Office; and

WHEREAS, without admitting or denying that the grounds exist therefor, Lloyd has consented and agreed in the Stipulation to the issuance of this Order of Prohibition ("Order"), pursuant to Section 8(e) of the Federal Deposit Insurance Act ("FDIA"), 12 U.S.C. § 1818(e) (1988 and Supp. I 1989);

NOW THEREFORE, IT IS ORDERED THAT:

1. From and after the effective date of this Order, Lloyd is prohibited from further participation, in any manner, in the conduct of the affairs of First Federal Savings Bank and Trust, Pontiac, Michigan and its service corporations and subsidiaries.

2. From and after the effective date of this Order, 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, Lloyd 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 Section 8(e)(7)(A) of the FDIA, 12 U.S.C. § 1818(e)(7)(A), hereinafter referred to as a "Covered Institution." Pursuant to Section 8(e)(6) of the FDIA, 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.

