

UNITED STATES OF AMERICA
Before The
OFFICE OF THRIFT SUPERVISION

In the Matter of)

GEORGE J. THEOPHILOS)

Former Vice President of)
First Annapolis Savings)
Bank, FSB)

Annapolis, Maryland)

Resolution No.: ATL-92-76

Dated: September 3, 1992

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

The Office of Thrift Supervision ("OTS"), by and through its Regional Director for the Southeast Region, and George J. Theophilos ("Theophilos"), a former Vice President of First Annapolis Savings Bank, FSB, Annapolis, Maryland, OTS Docket No. 1557 ("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 Theophilos, 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. § 1464(d)(2)(A) (1988).

The grounds include statutory and regulatory violations and unsafe or unsound practices in conducting the business of First Annapolis, as follows:

(a) Theophilos served as an officer of both First Annapolis and its wholly owned real estate development subsidiary, Delta Financial Corporation, Inc. ("Delta"),

(b) Theophilos accepted gratuities totaling approximately \$158,000 from two outside joint venture partners of Delta, during the period 1980 to 1988.

(c) Theophilos specifically brought these joint venture partners, one of whom was a long time friend of Theophilos, to Delta and First Annapolis for the purpose of financing a large development project.

(d) In approximately November or December 1980, the two outside joint venture partners agreed to provide Theophilos with 10% of the profits that they received on the development project.

(e) As a result of these actions, Theophilos engaged or participated in unsafe or unsound practices and violations of certain laws and regulations. By reason of the foregoing unsafe or unsound practices and violations, Theophilos received financial gain or other benefit. Further, such unsafe or unsound practices and violations involve personal dishonesty on the part of Theophilos and demonstrate a willful or continuing disregard by Theophilos for the safety

and soundness of First Annapolis.

Theophilos 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 Theophilos.

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) Theophilos, as an officer of First Annapolis and Delta, 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, Theophilos is subject to the authority of the OTS to initiate and maintain a prohibition proceeding against him pursuant to Section 8(e) of the FDIA, 12 U.S.C.A. § 1818(e) and Section

5(d)(2)(A) of the HOLA, 12 U.S.C. §1464(d)(2)(A).

3. Consent. Theophilos consents to the issuance by the OTS of the accompanying Order of Prohibition and Order of Restitution ("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)(2)(A) of the HOLA, 12 U.S.C. § 1464(d)(2)(A). 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. Theophilos waives his right to a notice of charges, 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)(2)(A) of the HOLA, 12 U.S.C. § 1464(d)(2)(A), 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 Theophilos 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

George J. Theophilos
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actions, charges against, or liability of Theophilos 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.

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 Theophilos 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/

George J. Theophilos

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ORDER OF PROHIBITION AND
ORDER OF RESTITUTION

WHEREAS, George J. Theophilos ("Theophilos") has executed a Stipulation and Consent to the Entry of A Prohibition Order and 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, Theophilos 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 pursuant to Section 5(d)(2)(A) of the Home Owners' Loan Act of 1933 ("HOLA"), 12 U.S.C. § 1464(d)(2)(A).

NOW THEREFORE, IT IS ORDERED that:

1. Theophilos is prohibited from further participation, in any manner, in the conduct of the affairs of First Annapolis Savings Bank, FSB, Annapolis, Maryland, OTS Docket No. 1557 ("First Annapolis"), 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, Theophilos 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. Theophilos shall pay the Resolution Trust Corporation as receiver for First Federal Savings Bank of Annapolis (formerly First Annapolis) the sum of ten thousand dollars (\$10,000). This sum represents repayment for a portion of the gratuities that Theophilos received from two

outside joint venture partners of Delta Financial Corporation, Inc., a subsidiary of First Annapolis, during the period 1980 to 1988, as set forth in the Stipulation.

4. Theophilos shall repay the \$10,000 in the following manner:

(a) Within 30 days of the effective date of this Order, Theophilos shall make an initial downpayment of \$3,000, payable to the Resolution Trust Corporation as receiver for First Federal Savings Bank of Annapolis.

(b) On or before January 31, 1993, Theophilos shall pay the remaining \$7,000, payable to the Resolution Trust Corporation as receiver for First Federal Savings Bank of Annapolis.

5. On the effective date of this Order, Theophilos 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.

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.A. § 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