

UNITED STATES OF AMERICA
Before The
OFFICE OF THRIFT SUPERVISION

In the Matter of)
)
)

Resolution No.: DAL-91-168

Michael F. Frost)
Former Director of)
Hidalgo Savings and Loan)
Association)
Edinburg, Texas)
)
)

Dated: October 22, 1991

STIPULATION AND CONSENT TO THE
ENTRY OF A PROHIBITION ORDER

The Office of Thrift Supervision ("OTS"), by and through its Regional Director for the Midwest Regional Office in Dallas, Texas, and Michael F. Frost ("Frost"), a former Director of Hidalgo Savings and Loan Association, Edinburg, Texas ("Hidalgo"), 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 Frost pursuant to Section 8(e) of the Federal Deposit Insurance Act ("FDIA"), as amended by the Financial Institutions Reform, Recovery, and Enforcement Act of 1989, Pub. L. No. 101-73, 103 Stat. 183 ("FIRREA"), 12 U.S.C. § 1818(e) (1988 and Supp. I 1989). Frost desires to cooperate with the OTS and to avoid the time and expense of such administrative litigation, 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 prohibition litigation against Frost.

2. JURISDICTION

- (a) Hidalgo, at all times relevant to the allegations set forth herein, was a "savings association" within the meaning of Section 3 of the FDIA, 12 U.S.C. § 1813(b) and Section 2 of the Home Owners' Loan Act of 1933, as amended by Section 301 of FIRREA, 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, as amended by FIRREA, 12 U.S.C. § 1813(c).
- (b) Pursuant to Section 3(q) of the FDIA, as amended by Section 204 of the FIRREA, 12 U.S.C. § 1813(q), the OTS is the "appropriate Federal banking agency" to maintain an enforcement proceeding against such savings association or its institution-affiliated parties.
- (c) Frost served as a director at Hidalgo from 1976 to August 30, 1990.
- (d) Frost was at all times relevant to the allegations set forth herein, a director of Hidalgo and as such was an "institution-affiliated party" as that term is defined in Section 3(u) of the FDIA, as amended by FIRREA, 12 U.S.C. § 1813(u).
- (e) As an institution-affiliated party, Frost is subject to the OTS's authority to maintain a prohibition proceeding against him pursuant to Section 8(e) of the FDIA, 12 U.S.C. § 1818(e) (1988 & Supp. I 1989).

3. CONSENT

Frost 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, as amended by FIRREA, 12 U.S.C. § 1818(e). Upon its issuance by the Regional Director for the Midwest Regional Office of the OTS in Dallas, Texas, it shall be a final order, effective and fully enforceable by the OTS under the provisions of Section 8(1) of the FDIA, as amended by FIRREA, 12 U.S.C. § 1818(1).

5. WAIVERS.

Frost waives his right to a notice of intention to prohibit and the administrative hearing provided by Section 8(e) of the FDIA, as amended by FIRREA, 12 U.S.C. § 1818(e), and further waives his right to seek judicial review of the Order, including any such right provided by Section 8(h) of the FDIA, as amended by FIRREA, 12 U.S.C. § 1818(h), or otherwise to challenge the validity of the Order.

UNITED STATES OF AMERICA
BEFORE THE
OFFICE OF THRIFT SUPERVISION

FHLBB
OFFICE OF
ENFORCEMENT

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In the Matter of)
)
Michael F. Frost)
Former Director of)
)
Hidalgo Savings and Loan)
Association)
Edinburg, Texas)

Re: Resolution No. DAL-91-128
Dated: October 22, 1991

ORDER OF PROHIBITION

WHEREAS, Michael F. Frost has executed a Stipulation and Consent to the Entry of a Prohibition Order ("Stipulation"), which is accepted and approved by the Office of Thrift Supervision ("OTS") acting through its Regional Director for the Midwest Regional Office, Dallas, Texas; and

WHEREAS, Michael F. Frost, in the Stipulation, has consented and agreed to the issuance of this Order of Prohibition ("Order") pursuant to Section 8(e) of the Federal Deposit Insurance Act ("FDIA"), as amended by the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 ("FIRREA"), Pub. L. No. 101-73, 103 Stat. 183.

NOW THEREFORE, IT IS ORDERED that:

1. Michael F. Frost is prohibited from further participation, in any manner, in the conduct of the affairs of Hidalgo Savings and Loan Association (now Hidalgo Federal Savings and Loan Association, Edinburg, Texas ("Hidalgo")), and its service corporations.
2. Without the prior written approval of the Regional Director for the Midwest Regional Office and, if appropriate, another Federal

financial institutions regulatory agency, Michael F. Frost 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, as amended by FIRREA, 12 U.S.C. § 1818(e)(7)(A). Pursuant to Section 8(e)(6) of the FDIA, as amended by FIRREA, 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. The Stipulation is made a part hereof and is incorporated herein by this reference.
4. This Order is subject to the provisions of Section 8(j) of the FDIA, as amended by FIRREA, 12 U.S.C. § 1818(j), and shall become effective on the date it is issued.

OFFICE OF THRIFT SUPERVISION

BY: _____ /S/
BILLY C. WOOD
Regional Director
Midwest Regional Office
Dallas, Texas