

UNITED STATES OF AMERICA  
Before The  
OFFICE OF THRIFT SUPERVISION

In the Matter of  
WALDIE W. SONNENBURG  
A Former Director  
of First Federal Savings  
Bank, Hempstead, Texas  
and  
First Savings Association,  
Brenham, Texas

Resolution No. DAL-91-191

Dated: October 31, 1991

STIPULATION AND CONSENT TO THE ENTRY  
OF A CEASE AND DESIST ORDER

The Office of Thrift Supervision ("OTS"), by and through its Regional Director for the Midwest Regional Office in Dallas, Texas ("Regional Director"), and Waldie W. Sonnenburg ("Sonnenburg"), a former Director of First Federal Savings Bank, Hempstead, Texas, ("First Federal"), and First Savings Association, Brenham, Texas ("First Savings") agree as follows:

1. CONSIDERATION.

The OTS, based upon information reported to it, is of the opinion that grounds exist to initiate an administrative cease-and-desist proceeding against Sonnenburg pursuant to Section 8(b) of the Federal Deposit Insurance Act ("FDIA"), 12 U.S.C. § 1818(b) (1988 & Supp. I 1989), as amended by the Financial Institutions Reform, Recovery, and Enforcement Act of 1989, Pub. L. No. 101-73, 103 Stat. 183 ("FIRREA"). Sonnenburg 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 by the OTS from initiating such administrative cease-and-desist litigation against Sonnenburg with respect to the matters covered in the accompanying Order to Cease and Desist ("Order").

2. JURISDICTION.

- (a) First Federal and First Savings at all times relevant to the allegations set forth herein were each deemed a "savings association" within the meaning of Section 3(b) of the FDIA as amended by FIRREA (to be codified at 12 U.S.C. § 1813(b)) and Section 2(4) of the Home Owners' Loan Act of 1933, 12 U.S.C. § 1462(4) (Supp. I 1989). Accordingly, each is an "insured depository institution" as that term is defined in Section 3(c) of the FDIA, as amended by FIRREA (to be codified at 12 U.S.C. § 1813(c)).
- (b) Pursuant to Section 3(q) of the FDIA, as amended by FIRREA (to be codified at 12 U.S.C. § 1813(q)), the Director of OTS is the "appropriate Federal Banking agency" to maintain an enforcement proceeding against such savings associations.
- (c) Sonnenburg was at all times relevant to the allegations set forth herein an institution-affiliated party of First Federal and First Savings under Section 3(u) of the FDIA, as amended by FIRREA (to be codified at 12 U.S.C. § 1813(u)) in that he served

as a director of First Federal from May 26, 1988 to  
~~September~~ <sup>February</sup> 14, 1990, and as a director of First  
Savings from May 26, 1988 to September, 1989.

The OTS alleges that contrary to safe and sound practices Sonnenburg, as a member of the board of directors of First Federal, failed to establish adequate internal controls at First Federal, the failure of which led to:

- (i) the assistance payments made by the Federal Savings and Loan Insurance Corporation to First Federal in the amount of \$106,134 being entered into the books of First Savings and accordingly, First Savings had the benefit of such payments for its own accounts; and
- (ii) a receivable in the amount of \$535,627 being established in the books of First Federal which receivable represented an audit adjustment to reflect that —a mortgage-backed security transferred from First Savings to First Federal, as required by the assistance agreement, was the wrong mortgage-backed security, resulting in the shortage of \$535,627 to First Federal.

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(d) Therefore, the OTS believes Sonnenburg is subject to the authority of the OTS to initiate and maintain a cease-and-desist proceeding against him pursuant to Section 8(b) of the FDIA, 12 U.S.C. § 1818(b) (1988 & Supp. I 1989).

3. CONSENT.

Sonnenburg consents to the issuance by the OTS of the Order. He further agrees to comply with the terms of the Order upon issuance and stipulates that the Order complies with all requirements of law.

4. FINALITY.

The Order is issued under Section 8(b) of the FDIA, 12 U.S.C. § 1818(b) (1988 & Supp. I 1989). 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) (1988 & Supp. I 1989).

5. WAIVERS.

Sonnenburg 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) (1988 & Supp. I 1989), and further waives any 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) (1988 & Supp. I 1989), or otherwise to challenge the validity of the Order.

