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UNITED STATES OF AMERICA
Before the
OFFICE OF THRIFT SUPERVISION

In the Matter of)	Order No.: WE-08-008
)	
COLORADO FSB,)	Effective Date: June 27, 2008
)	
Greenwood Village, Colorado.)	
OTS Docket No. 08876)	
)	

PROMPT CORRECTIVE ACTION DIRECTIVE

WHEREAS, Colorado FSB, Greenwood Village, Colorado, OTS Docket No. 08876 (Institution), is a federally chartered savings association that is regulated by the Office of Thrift Supervision (OTS); and

WHEREAS, Section 38 of the Federal Deposit Insurance Act (FDIA), 12 U.S.C. § 1831o, and Part 565 of the OTS Regulations, 12 C.F.R. Part 565, require institutions that are undercapitalized to file a capital restoration plan specifying the steps the institution will take to become at least adequately capitalized; and

WHEREAS, Section 38 of FDIA, 12 U.S.C. § 1831o, requires OTS to take prompt corrective action to resolve the problems of insured depository institutions at the least possible long-term loss to the deposit insurance fund; and

WHEREAS, Section 565.7 of the OTS Regulations, 12 C.F.R. § 565.7, provides for OTS's issuance of directives to take prompt corrective action to resolve the problems of insured depository institutions and to restore their capital; and

WHEREAS, OTS, on March 31, 2008 the Institution was deemed to have notice that it was critically undercapitalized for purposes of the prompt corrective action provisions of Section 38 of FDIA, 12 U.S.C. § 1831o; and

WHEREAS, Institution is also not in compliance with the capital standards required by Section 5(t) of the Home Owners' Loan Act (HOLA), 12 U.S.C. § 1464(t); and

WHEREAS, Section 5(t)(6)(B)(ii) of HOLA, 12 U.S.C. § 1464(t)(6)(B)(ii), requires any institution not in compliance with the capital standards to comply with a capital directive issued by OTS; and

WHEREAS, on April 21, 2008, Institution submitted to OTS a capital restoration plan (Capital Plan); and

WHEREAS, on May 30, 2008, Institution submitted an amended capital restoration plan (Amended Capital Plan);

WHEREAS, OTS has considered Institution's capital deficiency, Amended Capital Plan, in accordance with Section 567.10 of the OTS Regulations, 12 C.F.R. § 567.10, and Section 38(e)(2) of FDIA, 12 U.S.C. § 1831o(e)(2) and approved the Amended Capital Plan as set forth in a letter to Institution, dated June 23, 2008;

WHEREAS, OTS having issued a Notice of Intent to issue this Prompt Corrective Action Directive (Directive) on June 23, 2008, has determined to issue this Directive in order to resolve the Institution's problems at the least long-term cost to the deposit insurance fund, thereby effectuating the purpose of Section 38 of FDIA, 12 U.S.C. § 1831o; and

WHEREAS, Institution by and through its Board of Directors, by execution of the attached Stipulation and Consent to Issuance of Prompt Corrective Action Directive (Stipulation

and Consent), the terms of which are incorporated herein by this reference, have stipulated and consented to the issuance of this Directive.

NOW THEREFORE, pursuant to Section 38 of FDIA, 12 U.S.C. § 1831o, including but not limited to subsection (f) thereof, Section 5(t)(6)(B)(ii) of HOLA, 12 U.S.C. § 1464(t)(6)(B)(ii), and Section 565.7 of the OTS Regulations, 12 C.F.R. § 565.7, OTS directs Institution and its Board of Directors to do the following:

PART I – IMPROVING CAPITAL

Section 1: Amended Capital Plan.

Institution shall comply with the terms of its Amended Capital Plan approved by the West Regional Director of OTS (Regional Director).

PART II – OPERATING RESTRICTIONS

Section 2.1: Compliance with Mandatory Provisions.

A. The Institution shall comply with all of the mandatory prompt corrective action provisions contained in 12 U.S.C. § 1831o and 12 C.F.R. § 565.6 that automatically apply to the Institution based upon the Institution’s prompt corrective action capital category. The provisions applicable to the Institution are as follows:

(1) No capital distributions may be made without the prior written approval of OTS if: (i) the Institution is not adequately capitalized, or (ii) after making the distribution, the Institution would be undercapitalized. 12 U.S.C. § 1831(o)(d)(1); 12 C.F.R. § 565.6(a)(1) and (a)(2)(1).

(2) No management fees may be paid to any person having control of the Institution if: (i) the Institution is not adequately capitalized, or (ii) after making the payment, the Institution would be undercapitalized. 12 U.S.C. §1831(d)(2); 12 C.F.R. § 565.6(a)(1) and (a)(2)(1).

(3) The Institution may not permit its average total assets during any calendar quarter to exceed its average total assets during the preceding quarter unless: (i) OTS has accepted the Institution's capital restoration plan; (ii) the increase in assets is consistent with the plan; and (iii) the Institution's ratio of tangible equity to assets increases during the calendar quarter at a rate sufficient to enable the Institution to become adequately capitalized within a reasonable time. 12 U.S.C. § 1831o(e)(3); 12 C.F.R. § 565.6(a)(2)(iv).

(4) The Institution may not, directly or indirectly, acquire any interest in any company or insured depository institution, establish or acquire any additional branch office, or engage in any new line of business, unless: (i) OTS has accepted the Institution's capital restoration plan, the Institution is in compliance with the plan, and OTS determines that the action is consistent with, and will further achievement of the plan; or (ii) the FDIC's Board of Directors approves the action. 12 U.S.C. § 1831o(e)(4); 12 C.F.R. § 565.6(a)(2)(v).

(5) The Institution may not accept, renew or roll over any brokered deposit. 12 U.S.C. § 1831f(a); 12 C.F.R. § 337.6(b)(3).

(6) The Institution shall monitor its compliance with the applicable requirements of 12 U.S.C. § 1831o(e) and 12 C.F.R. § Part 565.

(7) The Institution may not, without the OTS's prior written approval: (i) pay any bonus to any senior executive officer; or (ii) provide compensation to any senior executive officer exceeding that officer's average rate of compensation (excluding bonuses, stock options, and profit-sharing) during the twelve (12) calendar months preceding the calendar month in which the Institution became undercapitalized. 12 U.S.C. § 1831o(f)(4); 12 C.F.R. § 565.6(a)(3).

(8) The Institution may not make any payment of principal or interest on its subordinated debt beginning sixty (60) days after the Institution becomes critically undercapitalized. 12 U.S.C. § 1831o(h)(2)(A); 12 C.F.R. § 565.6(a)(4)(ii).

(9) Without the FDIC's prior written approval, as required by 12 U.S.C. §§ 1831o(h)(1) and (i)(2); 12 C.F.R. § 565.6(a)(4)(i), the Institution may not:

- (i) enter into any material transaction other than in the usual course of business, including any investment, expansion, acquisition, sale of assets, or similar action with respect to which the Institution is required to give notice to OTS;
- (ii) extend credit for any highly leveraged transaction;
- (iii) amend the Institution's charter bylaws, except to the extent necessary to carry out any other requirement of any law, regulation, or order;
- (iv) make any material change in accounting methods;
- (v) engage in any "covered transaction" with an affiliate, as defined in 12 U.S.C. § 371c(b);
- (vi) pay excessive compensation or bonuses; or
- (vii) pay interest on new or renewed liabilities at a rate that would increase the Institution's weighted average cost of funds to a level significantly exceeding the prevailing rates of interest on insured deposits in the Institution's normal market area.

B. If the Institution should improve from a lower to a higher PCA capital category, it must continue to comply with the previously applicable mandatory sanctions of the lower category, until such time as approval to cease compliance with the lower category sanctions is requested of, and received from OTS.

Section 2.2: Compliance With Presumptive Provision.

Pursuant to 12 U.S.C. § 18310(f)(2)(E) and (J), in order to reduce risk to the Institution and to better carry out the purposes of prompt corrective action, the Institution is required to originate only agency deliverable loans, unless otherwise agreed to in advance by the OTS.

PART III - GENERAL PROVISIONS

Section 3.1: Jurisdiction.

This Directive constitutes a final order under 12 U.S.C. § 1831o and is enforceable under 12 U.S.C. § 1818(i).

Section 3.2: Definitions.

A. All technical words or terms used in this Directive, for which meanings are not specified or otherwise provided by the provisions of this Directive, shall, insofar as applicable, have meanings as defined in Chapter V of Title 12 of the Code of Federal Regulations, HOLA, FDIA, OTS Bulletins, or OTS Thrift Activities Handbook. Any such technical words or terms used in this Directive and undefined in Code of Federal Regulations, HOLA, FDIA, OTS Bulletins, or OTS Thrift Activities Handbook shall have meanings that are in accordance with the best custom and usage in the savings and loan industry.

B. The term “Effective Date” has the meaning set forth in Section 3.11 of this Directive.

Section 3.3: Successor Statutes, Regulations, Guidance Amendments.

Reference in this Directive to provisions of statutes and regulations shall be deemed to include references to all amendments to such provisions as have been made as of the Effective Date hereof and references to successor provisions as they become applicable.

Section 3.4: Notices.

Except as otherwise provided herein, all submissions, requests, communications, consents or other documents relating to this Directive shall be in writing and sent by first-class U.S. mail (or by reputable overnight carrier, electronic facsimile transmission or hand delivery by messenger) addressed as follows:

OTS: Darrel Dochow, Regional Director
West Region
Office of Thrift Supervision
2001 Junipero Serra Boulevard, Suite 650
Daly City, CA 94014-3897

With a copy to: Nicholas J. Dyer, Assistant Director
West Region
Office of Thrift Supervision
2001 Junipero Serra Boulevard, Suite 650
Daly City, CA 94014-3897

Institution: Colorado FSB
8400 E. Prentice Avenue, Suite 545
Greenwood Village, CO 80111
Attention: Board of Directors

Section 3.5: Duration, Termination, or Suspension of the Directive.

A. The terms and provisions of this Directive shall be binding upon Institution and its successors in interest.

B. The Directive shall remain in effect until terminated, modified or suspended in writing by OTS.

C. OTS, in its discretion, may, by written notice, suspend any or all provisions of the Directive, except for Section 2 (Mandatory Restrictions).

Section 3.6: Effect of Headings.

The Part and Section headings herein are for convenience only and shall not affect the construction hereof.

Section 3.7: Separability Clause.

In case any provision in this Directive is ruled to be invalid, illegal or unenforceable by the decision of any court of competent jurisdiction, the validity, legality and enforceability of the remaining provisions hereof shall not in any way be affected or impaired thereby unless OTS, in its sole discretion, determines otherwise.

Section 3.8: No Violations Authorized; Consequences of Directive.

A. Nothing in this Directive, including, without limitation, any of the timeframes for actions set forth in Part I, shall be construed as: (i) allowing Institution to violate any law, rule, regulation, or policy statement to which it is subject; or (ii) restricting OTS from taking such actions as are appropriate in fulfilling the responsibilities placed upon it by law, including, without limitation, actions pursuant to 12 U.S.C. § 1831o, or taking any other type of supervisory, enforcement, or resolution action that OTS determines to be appropriate.

B. OTS's approval of the Amended Capital Plan does not: (i) constitute approval of contemplated actions or transactions for which a separate application, filing or notification is required prior to engaging in an activity contemplated by the Amended Capital Plan; (ii) prevent the revocation of conditional approval of the Amended Capital Plan upon the discovery of other or additional facts that OTS determines warrants such action, including, but not limited to, any material adverse findings disclosed in any examination of Institution or any material change in the assumptions underlying the Amended Capital Plan; (iii) indicate adoption of the Institution's assumptions or predictions underlying or set forth in the Amended Capital Plan, nor do such assumptions or predictions bind OTS; or (iv) prohibit OTS from requiring modifications and/or amendments of the Amended Capital Plan as OTS determines necessary.

Section 3.9: Other Enforcement Documents.

The Order to Cease and Desist (OTS Order No. WE-08-005) dated March 14, 2008 remains in effect and fully enforceable.

Nothing contained in this Directive shall affect or limit OTS's ability to take enforcement action in connection with any violation of OTS Order No. WE-08-005.

Section 3.10: Incorporation of Stipulation and Consent.

The Stipulation and Consent is made a part hereof and is incorporated herein by this reference.

Section 3.11: Effective Date, Incorporation of Stipulation.

This Directive is effective on the Effective Date as shown on the first page. The Stipulation is made a part hereof and is incorporated herein by this reference.

IT IS SO ORDERED.

OFFICE OF THRIFT SUPERVISION

By: _____ /s/
Darrel W. Dochow
Regional Director, West Region

UNITED STATES OF AMERICA
Before the
OFFICE OF THRIFT SUPERVISION

_____)	
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COLORADO FSB,)	Effective Date: June 27, 2008
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OTS Docket No. 08876)	
_____)	

STIPULATION AND CONSENT TO
PROMPT CORRECTIVE ACTION DIRECTIVE

1. The Office of Thrift Supervision (OTS) has informed Colorado FSB, Greenwood Village, Colorado, OTS Docket No. 08876 (Institution), based upon information reported to OTS, that grounds exist to issue a Prompt Corrective Action Directive (Directive) pursuant to Section 38 of the Federal Deposit Insurance Act (FDIA), 12 U.S.C. § 1831o, and Section 565.7 of the OTS Regulations, 12 C.F.R. § 565.7, against the Institution. The Institution, in the interest of cooperation and to avoid the time and expense of pursuing further OTS administrative procedures for the issuance of a Directive, stipulates and consents to the terms set forth in this Stipulation and Consent to Prompt Corrective Action Directive (Stipulation and Consent).

2. The Institution stipulates it is a federal savings association subject to the supervision and regulation by OTS. The Institution is a "savings association" as that term is used in Home Owners' Loan Act (HOLA), 12 U.S.C. §§ 1461 et seq., and an "insured depository institution" as defined in 12 U.S.C. §§ 1813(b) and 1813(c)(2). The Institution stipulates, as such, it is subject to OTS's authority to issue a directive to take prompt corrective action

pursuant to Section 38 of FDIA, 12 U.S.C. § 1831o, and Section 565.7 of the OTS Regulations, 12 C.F.R. § 565.7.

3. Institution consents, by execution of the Stipulation and Consent, to OTS's issuance of the accompanying Directive. The Institution further agrees to comply with the terms of the Directive.

4. The attached Directive is effective upon issuance. The Institution acknowledges that the Directive is enforceable pursuant to Section 5(d) of HOLA, 12 U.S.C. § 1464(d), and Section 8 of FDIA, 12 U.S.C. § 1818.

5. The Institution waives the following:

(a) Its right to pursue OTS's administrative process for issuance of the accompanying Directive pursuant to 12 C.F.R. § 565.7;

(b) Any and all rights it might otherwise have pursuant to federal law or regulations (including, but not limited to, 12 U.S.C. § 1831o and 12 C.F.R. § 565.7) in connection with issuance of the Directive;

(c) Its right to seek judicial review of the Directive, including, but not limited to, any such right provided by Section 8(h) of FDIA, 12 U.S.C. § 1818(h); and

(d) Its right to challenge or contest in any manner the basis, issuance, validity or enforceability of the Directive or any provision thereof.

6. The Order to Cease and Desist (OTS Order No. WE-08-005) dated March 14, 2008 remains in effect and fully enforceable.

7.(a) The laws of the United States of America shall govern the construction and validity of this Stipulation and Consent and of the Directive;

(b) All references to OTS in this Stipulation and Consent and the Directive shall also mean any of the OTS's predecessors, successors, and assigns;

(c) To the extent this Stipulation and Consent and Directive may be deemed an agreement, the written terms herein and in the accompanying Directive represent the final and sole binding written terms of such agreement with respect to the subject matters addressed herein.

8. Each Director signing this Stipulation attests that he or she voted in favor of a Board Resolution authorizing the execution of the Stipulation.

COLORADO FSB
Greenwood Village, Colorado

By: _____ /s/
Director (Chairman of the Board)

By: _____ /s/
Director

By: _____ /s/
Director

By: _____ /s/
Director

By: _____ /s/
Director

Accepted By:

Office of Thrift Supervision

By: _____ /s/
Darrel W. Dochow
Regional Director, West Region

Date: See Effective Date on page 1