

UNITED STATES OF AMERICA
Before the
OFFICE OF THRIFT SUPERVISION

In the Matter of
EDWARD J. FANEUIL,
Institution-Affiliated Party of
Union Federal Bank, F.S.B.
Brea, California.

Order No. SF-97-005

Date: February 18, 1997

STIPULATION AND CONSENT TO THE ISSUANCE OF AN ORDER TO
CEASE AND DESIST FOR AFFIRMATIVE RELIEF

WHEREAS, the Office of Thrift Supervision ("OTS"), based upon information derived from the exercise of its regulatory responsibilities, is of the opinion that grounds exist to initiate an administrative cease and desist proceeding against Edward J. Faneuil ("Faneuil"), an attorney who performed legal services for Union Federal Bank, F.S.B., Brea, California ("Union Federal"), pursuant to 12 U.S.C. § 1818(b)¹ and;

WHEREAS, Faneuil desires to cooperate with the OTS and to avoid the time and expense of such administrative proceeding and,

¹ All references to the United State Code ("U.S.C.") are as amended, unless otherwise indicated.

without admitting or denying the OTS's findings or conclusions set forth below (except those as to jurisdiction in paragraph 1, which are admitted) or that the above grounds exist, and without any adjudication on the merits, hereby stipulates and agrees to the following terms:

1. Jurisdiction.

(a) Prior to August 1996, Union Federal was a "saving association" within the meaning of 12 U.S.C. § 1813(b) and 12 U.S.C. § 1462(4). Accordingly, at all relevant times it was an "insured depository institution" as that term is defined in 12 U.S.C. § 1813(c).

(b) From approximately March 1987 until approximately January 1991, Faneuil performed legal services for Union Federal and its subsidiary, Uni-Cal Financial Services, Inc. ("Uni-Cal").

(c) Faneuil is an "institution-affiliated party" of Union Federal as that term is defined at 12 U.S.C. § 1813(u), having served in such capacity within six years of the date hereof. See 12 U.S.C. § 1813(i)(3).

(d) Pursuant to 12 U.S.C. § 1813(q), the Director of the OTS is the "appropriate Federal banking agency" to maintain an administrative enforcement proceeding against a savings association and its institution-affiliated parties. Therefore, Faneuil is subject to the jurisdiction of the OTS to initiate and maintain a cease and desist proceeding against him, pursuant to 12 U.S.C. § 1818(b).

(e) The Director of the OTS has delegated to the Regional Directors of the OTS the authority to issue orders to cease and desist on behalf of the OTS where the subject has consented to the entry of the order.

2. Findings of Fact. The OTS finds that from approximately March 1987 through December 1990, Faneuil performed legal services on behalf of Union Federal, a subsidiary of Union Federal, Uni-Cal, and Pritam Singh ("Singh"), a borrower/developer (or one of his affiliated entities), who was a Uni-Cal joint venture partner. In his capacity as legal counsel for Union Federal and Singh, Faneuil violated OTS regulations and engaged in unsafe and unsound conduct, in connection with transactions between Uni-Cal and/or Union Federal, including but not limited to his actions and his failures to act relating to certain real estate development projects in Key West, Florida:

(1) Faneuil prepared real estate and loan documents that included numerous extensions of credit, forbearance agreements, loan modifications, loan guarantees, and releases of collateral that had the effect of masking losses or hiding Singh's failing financial condition and the status of the development projects for which the loans were made;

(2) Faneuil negotiated and facilitated transactions with Singh and/or his affiliated entities without obtaining required loan committee or Board of Directors' approval and engaged in acts that enabled Singh to use millions of dollars of

disbursed construction loan funds for purposes not intended and/or to disguise improper payments that benefited the Singh.

3. Consent. Faneuil consents to the issuance by the OTS of the 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 12 U.S.C. § 1818(b). Upon its issuance, it shall be a final order, effective and fully enforceable by the OTS under the provisions of 12 U.S.C. § 1818(b) and (i).

5. Waivers.

(a) Faneuil waives his right to be formally served with a notice of charges, and the right to an administrative hearing provided by 12 U.S.C. § 1818(b), and further waives any right to seek judicial review of the Order, including any such right provided by 12 U.S.C. § 1818(h), or otherwise to challenge the validity of the Order.

(b) Faneuil waives any and all claims for the award of fees, costs or expenses related to this OTS enforcement matter and/or the Order, whether arising under common law, the Equal Access to Justice Act, 5 U.S.C. § 504 (1980), or 28 U.S.C. § 2412 (1980).

6. Other Governmental Action Not Affected.

(a) Faneuil acknowledges and agrees that his consent to the entry and issuance of the Order is for the purpose of resolving any OTS enforcement action against him based upon his actions

while serving as attorney for Union Federal, including any subsidiary service corporations, and Singh, and does not release, compromise, settle, resolve, affect, or preclude any other civil or criminal proceeding which may be or has been brought against him by any governmental entity other than the OTS.

(b) By signing this Stipulation, Faneuil agrees that he will not assert this proceeding, his consent to entry of the Order and/or entry of the Order, as the basis for a claim of double jeopardy in any pending or future proceeding brought by the United States Department of Justice or any other federal or state governmental entity.

7. Indemnification. Faneuil shall neither cause nor permit Union Federal (or any successor or subsidiary thereof) to incur, directly or indirectly, any legal or other expenses incurred by Faneuil relative to the negotiation and issuance of the Order, nor obtain any indemnification (or other reimbursement) from Union Federal (or any successor or subsidiary thereof) for such expenses or for the amount of the payment to be made by Faneuil to Union Federal under the Order. Any payments, in the form of indemnification, received by or on behalf of Faneuil from Union Federal in connection with this action, shall be returned to Union Federal.

8. Understanding About Financial Condition. It is understood that the OTS has agreed to accept the amount of restitution described in Paragraph 3 of the Order to Cease and Desist for Affirmative Relief based, in part, on Faneuil's

representations about his current financial condition, as set forth in a written statement of financial condition dated April 28, 1996 (on OTS Form 1571, the "Statement of Financial Condition"), which has been signed by Faneuil. In the event that any information included in the Statement of Financial Condition is found to be false or misleading with respect to any material fact, or if in connection with the Statement of Financial Condition, Faneuil has omitted to state a material fact concerning any matter addressed in the Statement of Financial Condition, then, without limitation on other remedies available under federal law, the OTS may, in the exercise of its discretion seek any available remedy, including the assessment of civil money penalties.

9. Agreement for Continuing Cooperation. Faneuil agrees that, at the OTS's written request, on reasonable notice and without service of a subpoena, he will provide discovery and testify truthfully at any deposition and at any judicial or administrative proceeding related to any investigation, litigation, or other proceeding maintained by the OTS relating to Union Federal, its subsidiaries and its institution-affiliated parties, except that Faneuil does not waive any privilege against self-incrimination under the Fifth Amendment of the United States Constitution or any attorney-client privilege. If Faneuil invokes his privilege against self-incrimination under the Fifth Amendment of the United States Constitution with respect to any matter about which the OTS inquires or the production of any

document requested by the OTS and the OTS obtains a grant of immunity pursuant to 18 U.S.C. § 6001 et seq., Faneuil agrees, consistent with any such grant of immunity, to provide discovery and testify truthfully at any deposition and at any judicial, administrative, or investigative proceeding on the matter for which immunity is given.

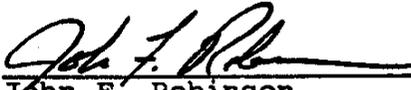
10. Bankruptcy. Faneuil acknowledges and agrees that pursuant to 11 U.S.C. § 523(a)(ii), his restitution obligation under the Order is not a dischargeable debt, and he waives any right to seek discharge of such obligation in any bankruptcy proceeding.

WHEREFORE, Edward J. Faneuil executes this Stipulation and Consent to the Issuance of an Order to Cease and Desist for Affirmative Relief, intending to be legally bound hereby.

Accepted By:
OFFICE OF THRIFT SUPERVISION



Edward J. Faneuil



John F. Robinson
Regional Director
West Region

Dated: January 28, 1997

Dated: February 15, 1997

UNITED STATES OF AMERICA
Before the
OFFICE OF THRIFT SUPERVISION

In the Matter of)
EDWARD J. FANEUIL)
Institution-Affiliated Party of)
Union Federal Bank, F.S.B.)
Brea, California.)

Order No. SF-97-005

Date: February 18, 1997

ORDER TO CEASE AND DESIST
FOR AFFIRMATIVE RELIEF

WHEREAS, Edward J. Faneuil ("Faneuil") has executed a Stipulation and Consent to the Issuance of an Order to Cease and Desist for Affirmative Relief ("Stipulation"); and

WHEREAS, Faneuil, in the Stipulation, has consented and agreed to the issuance of this Order to Cease and Desist for Affirmative Relief ("Order"), pursuant to 12 U.S.C. § 1818(b)¹ and;

WHEREAS, the Director of the Office of Thrift Supervision ("OTS") has delegated to the Regional Directors of the OTS the

¹ All references to the United State Code ("U.S.C.") are as amended, unless otherwise indicated.

authority to issue Orders to Cease and Desist on behalf of the OTS where a party has consented to the issuance of the Order.

NOW THEREFORE, IT IS ORDERED THAT:

1. Faneuil shall Cease and Desist from and not engage in any acts, omissions, or conduct that constitutes an unsafe and unsound practice, a breach of fiduciary duty or a violation of any applicable federal or state law or regulation, with respect to any federally-insured depository institution.

2. Pursuant to the provisions of 12 U.S.C. § 1818(b)(6)(A), Faneuil shall pay restitution to the Federal Deposit Insurance Corporation ("FDIC"), as receiver for Union Federal Bank, F.S.B., Brea, California ("Union Federal"), in the amount of twenty thousand dollars (\$20,000.00). Said restitution shall be paid, within ten (10) days of issuance of this Order, by cashier's check or bank draft payable to the FDIC, and delivered via overnight delivery to Richard Stearns, Deputy Chief Counsel for Enforcement, Office of Thrift Supervision, 1700 G Street, N.W., Washington, DC 20552.

3. This Order is and shall become effective on the date it is issued, as shown in the caption on the first page hereof. The Order shall remain in effect until it is terminated, modified or suspended, which may occur only by formal written action of the OTS, acting by and through its Regional Director, or other authorized representative.

4. All technical words or terms used in this Order and in the Stipulation, for which meanings are not specified or

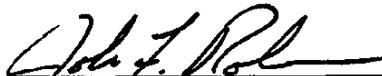
otherwise provided for by the provisions of this Order or the Stipulation shall, insofar as applicable, have meanings as defined in the rules and regulations adopted by the OTS (including, without limitation, 12 C.F.R. §§ 500.1 et seq., 541.1 et seq., and § 561.1 et seq. (1995)). Any such technical words or terms used in this Order and undefined in said rules and regulations shall have meanings that accord with the best custom and usage in the thrift industry.

5. In the event that any provisions of this Order shall be declared invalid, illegal, or unenforceable, the validity, legality, and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

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

OFFICE OF THRIFT SUPERVISION

By:



John F. Robinson
Regional Director
West Region