

UNITED STATES OF AMERICA
Before the
OFFICE OF THRIFT SUPERVISION
DEPARTMENT OF THE TREASURY

In the Matter of)
)

LAWRENCE J. WINSLOW,)

OTS Order No. SF-97-003

Member of the Board of Directors,)
and former Officer, of Tracy)
Federal Bank, FSB, Tracy, CA)

Date: February 4, 1997

STIPULATION AND CONSENT TO ISSUANCE OF AN
ORDER TO CEASE AND DESIST FOR AFFIRMATIVE RELIEF
AND ORDER OF ASSESSMENT OF CIVIL MONEY PENALTY

WHEREAS, the Office of Thrift Supervision ("OTS"), based upon information derived from the exercise of its regulatory responsibilities, has informed LAWRENCE J. WINSLOW ("Winslow") that the OTS is of the opinion that grounds exist to initiate administrative proceedings against him for the issuance of administrative orders, pursuant to 12 U.S.C. 1818(b) and (i); and

WHEREAS, Winslow desires to cooperate with the OTS and to avoid the time and expense of such administrative proceedings, and without admitting or denying the grounds for such proceedings, or the findings and conclusions of the OTS, but admitting the statements and conclusions of Paragraph 1, below, Jurisdiction, hereby stipulates and agrees to the following terms:

1. Jurisdiction.

(a) Tracy Federal Bank, FSB ("Tracy"), is a federally-chartered savings bank maintaining its principal place of business in Tracy, California.

(b) Tracy is a "savings association" as defined by Section 2(4) of the Home Owners' Loan Act ("HOLA"), 12 U.S.C. § 1462(4), and Section 3(b) of the Federal Deposit Insurance Act ("FDIA"), 12 U.S.C. § 1813(b).¹

(c) Between March 1985 and March 1993, Winslow served as president and chief executive officer of Tracy. Winslow also has served as a member of the board of directors of Tracy from December 1995 to the present. As such, prior to August 9, 1989, Winslow was a person participating in the conduct of the affairs of Tracy; from and after August 9, 1989, Winslow was an "institution-affiliated party" of Tracy as that term is defined by Section 3(u) of the FDIA, 12 U.S.C. § 1813(u).

(d) Pursuant to Section 3(q) of the FDIA, 12 U.S.C. § 1813(q), the Director of the OTS is the "appropriate Federal banking agency" to maintain an enforcement proceeding against a person participating in the conduct of the affairs of an institution or an institution-affiliated party. Therefore, the Director of the OTS has jurisdiction to initiate and maintain an administrative proceeding against Winslow pursuant to Section 8 of the FDIA, 12 U.S.C. § 1818.

¹ All references to the United States Code are as amended.

2. Consent. Winslow consents to the issuance by the OTS of the Order to Cease and Desist for Affirmative Relief and Order of Assessment of Civil Money Penalty ("Order"). Winslow further agrees to comply with the terms of the Order upon issuance and stipulates that the Order complies with all requirements of law.

3. OTS Findings of Fact. The OTS finds that Winslow engaged in unsafe and unsound practices and violations of laws, rules and regulations as follows:

(a) During Winslow's tenure as president, he caused Tracy to issue numerous letters of credit for local real estate development projects. Many of the letters of credit were undated and were issued without specific recourse against the requesting borrower, contrary to the requirements of 12 C.F.R. § 545.48 (1983). No losses resulted from these letters of credit. Winslow also did not fully document a warehouse line of credit, contrary to the requirements of 12 C.F.R. § 563.17-1 (1985).

(b) Prior to the 1993 and 1994 annual meetings of Tracy's shareholders, Winslow participated in discussions with other shareholders who collectively owned more than 10 percent of the outstanding shares of Tracy's common stock. The purpose of these discussions was to reach agreement toward the election of certain nominees to Tracy's board of directors. By "acting in concert" with others to elect nominees to the board, Winslow and the others were required to file a notice of change of control or a rebuttal of control with the OTS pursuant to 12 C.F.R. § 574.3(b) and § 574.4(e) (1993). No notice or rebuttal was filed with the

OTS.

In addition, during June 1993, Winslow exercised stock options and purchased 188,000 shares of Tracy stock, by which he became the largest single shareholder of Tracy stock, controlling 7.8 percent of Tracy's stock. Winslow purchased these shares using a personal loan from another shareholder who owned approximately 1.0 percent of Tracy's stock. Pursuant to applicable regulations, Winslow and this shareholder were presumed to be acting in concert with each other because of the shareholder's loan to Winslow to purchase Tracy stock, 12 C.F.R. § 574.4(d)(3)(ii) (1993). In October 1993, Winslow purchased an additional 27,400 shares of Tracy stock, increasing his total stock ownership to approximately 9.3 percent of Tracy's stock. Winslow's and the other shareholder's combined stock ownership rose to above 10 percent in October 1993, thereby obligating them to file a notice of change of control or a rebuttal of control with the OTS pursuant to 12 C.F.R. § 574.3(b) and § 574.4(e) (1993). No notice of change of control or rebuttal of control was filed with the OTS.

4. Finality. The Order is issued under Sections 8(b) and 8(i) of the FDIA, 12 U.S.C. §§ 1818(b) and (i). Upon its issuance by the OTS, it shall be a final order, effective and fully enforceable by the OTS under the provisions of Section 8(b) and (i) of the FDIA, 12 U.S.C. § 1818(b) and (i).

5. Waivers. Winslow waives the following:

(a) the right to be formally served with a notice of the OTS's charges against him;

(b) the right to an administrative hearing of the OTS's charges, provided by Section 8(b)(1) and (i)(2)(H) of the FDIA, 12 U.S.C. § 1818(b)(1) and (i)(2)(H);

(c) the 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), or otherwise to challenge the validity of the Order; and

(d) any and all claims for the award of fees, costs or expenses relating to this OTS enforcement matter and/or the Order, including any claims under the Equal Access to Justice Act, 5 U.S.C. § 504 and 28 U.S.C. § 2412.

6. Other Governmental Actions Not Affected.

(a) Winslow acknowledges and agrees that the consent to the entry of the Order is for the purpose of resolving all matters known by OTS as of the date this Stipulation is signed, in connection with his employment at Tracy, and does not release, compromise, settle, dismiss, resolve, preclude or in any way affect any other civil or criminal proceeding which may be or has been brought against him by the OTS or any other governmental agency.

(b) By signing this Stipulation and Consent to the Issuance of an Order to Cease and Desist for Affirmative Relief and Order of Assessment of Civil Money Penalty ("Stipulation"), Winslow agrees that he will not assert this proceeding, his consent to the entry of the Order, and/or issuance 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. Winslow represents that he has not received, directly or indirectly, any sums from Tracy (or any holding companies, affiliates, subsidiaries, service corporations, or successors thereof), for the purpose of indemnifying or reimbursing him for any expense incurred by him in connection with OTS Formal Examination SF-94-035 ("OTS Investigation"). Winslow shall neither cause nor permit Tracy (or any holding companies, affiliates, subsidiaries, service corporations, or successors thereof) to incur, directly or indirectly, any expense for any legal (or other professional expenses) incurred relative to the OTS Investigation or the negotiation and issuance of the Order, nor obtain any indemnification (or other reimbursement) from Tracy (or any holding companies, affiliates, subsidiaries, service corporations, or successors thereof) with respect to such expenses. In the event that any such payments are received by or on behalf of Winslow in connection with this action, Winslow agrees to promptly notify the OTS of the receipt of such payments and to return such payments without delay to Tracy (or any holding companies, affiliates, subsidiaries, service corporations, or successors thereof).

8. Miscellaneous.

(a) The construction and validity of this Stipulation and the Order shall be governed by the laws of the United States of America.

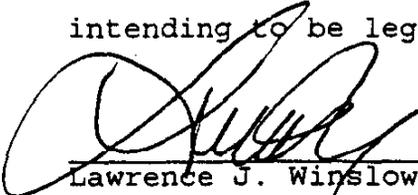
(b) All references to the OTS in this Stipulation and

the Order shall also mean any of the predecessors, successors and assigns of the OTS.

(c) The section and paragraph headings in this Stipulation and in the Order are for convenience only, and such headings shall not affect the interpretation of this Stipulation and Order.

(d) This Stipulation and the Order represent the final written agreement of the parties with respect to the Subject matters set forth in Section 3. above, and constitute the sole agreement of the parties with respect to such subject matters.

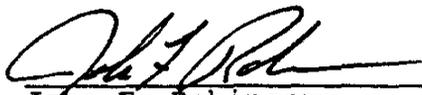
WHEREFORE, Lawrence J. Winslow executes this Stipulation intending to be legally bound thereby.



Lawrence J. Winslow

November 1, 1996
Date

Accepted by:



John F. Robinson
Regional Director
West Region
Office of Thrift Supervision

February 4, 1997
Date

UNITED STATES OF AMERICA
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OFFICE OF THRIFT SUPERVISION
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In the Matter of)
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Member of the Board of Directors)
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OTS Order No. SF-97-003

Date: February 4, 1997

ORDER TO CEASE AND DESIST FOR AFFIRMATIVE RELIEF
AND ORDER OF ASSESSMENT OF CIVIL MONEY PENALTY

WHEREAS, Lawrence J. Winslow ("Winslow") has executed a Stipulation and Consent to the Issuance of an Order to Cease and Desist for Affirmative Relief and Order of Assessment of Civil Money Penalty ("Stipulation"); and

WHEREAS, Winslow, by his execution of the accompanying Stipulation, has consented and agreed to the issuance of this Order to Cease and Desist for Affirmative Relief and Order of Assessment of Civil Money Penalty ("Order"), pursuant to Sections 8(b) and 8(i) of the Federal Deposit Insurance Act ("FDIA"), 12 U.S.C. § 1818(b) and (i); and

WHEREAS, the Director of the Office of Thrift Supervision ("OTS") has delegated to the Regional Directors of the OTS the authority to issue Orders to Cease and Desist and Assessments of

Civil Money Penalties on behalf of the OTS where respondents have consented to the issuance of the Orders.

NOW, THEREFORE, IT IS ORDERED:

Cease and Desist Order

1. Whenever Winslow is a director, officer or other Institution-Affiliated Party (as defined in Paragraph 6(b)) of a Banking Institution (as defined in Paragraph 6(a)), he shall cease and desist from any unsafe or unsound practice or violation of any Federal banking law or regulation, and from aiding or abetting any unsafe or unsound practice or any violation of Federal banking law or regulation, including, but not limited to, the regulation concerning the issuance of letters of credit, 12 C.F.R. § 545.48, regulations concerning acquisition of control of a savings association, 12 C.F.R. Part 574, and regulations concerning the documentation of loans, 12 C.F.R. § 563.170 (formerly 12 C.F.R. § 563.17-1).

2. At any and all times in which Winslow serves as an Institution-Affiliated Party he shall cease and desist from exercising responsibility for, or participating in, the review and/or approval of any loans or extensions of credit unless he does so (a) as a member of the board of directors or as a member of a committee of directors authorized by the board to review and approve loans; or (b) as an officer or employee of a Banking Institution while acting within the scope of his written authority to review and/or approve loans.

3. Within ten (10) days of the date of issuance of this Order, Winslow shall provide a copy of this Order and the Stipulation to the chief executive officer and to all directors of any Banking Institution with which Winslow is affiliated. In addition, prior to accepting a position as an Institution-Affiliated Party, Winslow shall provide a copy of this Order and the Stipulation to the chief executive officer and to all directors of any Banking Institution with which he is to become affiliated.

Order of Assessment of Civil Money Penalty

4. Within ten (10) days of the issuance of this Order, Winslow shall pay to the OTS the sum of Three Thousand Dollars (\$3000) by tendering a certified check to the OTS in that amount payable to the Treasurer of the United States. The check shall be sent, together with a cover letter stating the name of the association and the OTS Order Number, to: Controller's Division, Office of Thrift Supervision, 1700 G Street, N.W., Washington, DC 20552. A copy of the cover letter and the check shall be sent to Stephen E. Hart, Assistant Chief Counsel, Office of Thrift Supervision, 1700 G Street, N.W., Washington, DC 20552.

Miscellaneous

5. For purposes of this Order:

(a) "Banking Institution" refers to any and all of the following: any "insured depository institution" as that term is defined at 12 U.S.C. § 1813(c) (including but not limited to banks and savings associations); any direct or indirect subsidiary of an insured depository institution, whether wholly or partly owned; any "insured credit union" within the meaning of 12 U.S.C. § 1752(7); any "bank holding company" within the meaning of 12 U.S.C. § 1841; and any direct or indirect subsidiary of any such holding company, whether wholly or partly owned;

(b) "Institution-Affiliated Party" shall have the meaning set forth in 12 C.F.R. § 1813(u);

(c) Any terms used herein that are defined in other paragraphs of this Order (including the Stipulation incorporated herein) shall have the meanings ascribed to them in such paragraphs; and

(d) Except as otherwise expressly provided in this Order, any terms used herein that are defined in the Home Owners' Loan Act or the Federal Deposit Insurance Act shall have the meanings ascribed to them in said statutes. See, e.g., 12 U.S.C. § 1813.

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

7. This Order shall become effective on the date it is issued, as shown in the caption hereof. This 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.

8. Winslow may, at any time, request termination of this Order. Any such request must be in writing, addressed to the West Regional Director of the OTS and set forth the reasons for the request. The decision to grant or deny such a request is solely within the discretion of OTS, acting by and through its Regional Director, or other authorized representative. OTS will impose no fees, assessments or other charges upon Winslow in connection with considering or acting upon such a request by Winslow.

OFFICE OF THRIFT SUPERVISION

By: 
John F. Robinson
Regional Director, West Region