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Winder

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

In the Matter of)	Re: Order No. <u>SF-94-001</u>
CENTRUST FINANCIAL, an)	Dated: <u>January 3, 1994</u>
Independent Contractor and/or)	
Agent of)	
PLAZA SAVINGS AND LOAN)	
ASSOCIATION,)	
Santa Ana, California)	
and)	
CARTER C. GREEN, Manager of)	
Centrust Financial)	

ORDER TO CEASE AND DESIST AND
ORDER OF PROHIBITION

WHEREAS, CENTRUST FINANCIAL ("CENTRUST") and CARTER C. GREEN ("GREEN") executed a Stipulation and Consent to the Entry of an Order of Prohibition and to Cease and Desist ("Stipulation"); and

WHEREAS, CENTRUST and GREEN in the Stipulation consented and agreed to the issuance of this Order of Prohibition and to Cease and Desist ("Order") pursuant to Sections 8(b) and (e) of the Federal Deposit Insurance Act ("FDIA"), 12 U.S.C. §§ 1818(b) and (e).

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

Desist on behalf of the OTS where CENTRUST and GREEN has consented to the issuance of the Order.

NOW THEREFORE, IT IS ORDERED that:

1. The STIPULATION attached hereto, is made part hereof and is incorporated herein by reference.

PROHIBITION

2. Without the prior written approval of the OTS, and, if appropriate, another federal financial institution regulatory agency, CENTRUST or GREEN may not, after the effective date of this Order, hold office in, or participate in any manner in the conduct of the affairs of any institution or other entity as set forth in Section 8(e)(7)(A) of the FDIA, 12 U.S.C. § 1818(e)(7)(A). Pursuant to Section 8(e)(6) of the FDIA, 12 U.S.C. § 1818(e)(6), conduct prohibited by this Order includes, inter alia, the solicitation, transfer, or exercise of any voting rights with respect to any securities issued by any insured depository institution, included but not limited to its holding company, subsidiary or service corporation.

CEASE AND DESIST

3. CENTRUST and GREEN shall cease and desist from committing, or aiding and abetting the commitment of, any unsafe and unsound practice or any violation of law, rule or regulation, or condition imposed in writing by a Federal regulatory banking agency in connection with the conduct of the business of any federally insured depository institution set forth in Section

8(e)(7)(A) of the FDIA, 12 U.S.C. § 1818 (e)(7)(A) ("federally insured institutions").

4. Following the execution of the Order, CENTRUST and any entity, including any company as defined in 12 C.F.R. § 583.6, in which CENTRUST, directly or indirectly, (a) owns or controls 10 percent or more of the entity or any class of equity securities of the entity, or (b) has a 10 percent or more beneficial interest ("related entities"), shall cease and desist from transacting all business with any federally insured depository institutions, including, but not limited to, engaging, either directly or indirectly, in any loan transaction, extension of credit, guarantee or any other financial transaction with such federally insured institutions.

5. Following the execution of the Order, GREEN and any entity, including any company as defined in 12 C.F.R. § 583.6, in which GREEN, either alone or with members of his immediate family, as that term is defined in 12 C.F.R. § 561.24, directly or indirectly, (a) owns or controls 10 percent or more of the entity or any class of equity securities of the entity, or (b) has a 10 percent or more beneficial interest ("related entities"), shall cease and desist from transacting all business with any federally insured depository institutions, including, but not limited to, engaging, either directly or indirectly, in any loan transaction, extension of credit, guarantee or any other financial transaction with such federally insured institutions.

6. Notwithstanding the foregoing limitation as set forth in Paragraph 5, GREEN and related entities may obtain or maintain savings accounts, checking accounts, Individual Retirement Accounts, and certificates of deposit at insured institutions and purchase cashier's checks or other similar instruments from insured institutions, PROVIDED, that all such accounts and purchases are on terms no more favorable to GREEN than terms upon which comparable accounts or purchases would be provided to other members of the general public. Further, GREEN may maintain his existing credit card account from an insured institution, provided such account was obtained with true and accurate disclosures and is maintained on terms no more favorable to GREEN than terms upon which such accounts are provided to other members of the general public.

COOPERATION

7. GREEN shall, at the OTS' request, on reasonable notice and without service of a subpoena, provide truthful answers to questions or inquiries by the OTS or its representatives and testify truthfully at any deposition and at any judicial or administrative proceeding brought by the OTS related to its investigation of loan brokerage fraud at PLAZA and other institutions, except that GREEN does not waive his right to invoke his privilege against self-incrimination under the Fifth Amendment to the United States Constitution ("Fifth Amendment"). No

statement made pursuant to this paragraph shall be considered a compelled statement pursuant to 18 U.S.C. § 6002.

MISCELLANEOUS

8. All words or terms used in these Orders, for which meanings are not specified or otherwise provided for by the provisions of these Orders, shall have meanings as defined in Chapter V of Title 12 of the Code of Federal Regulations, the Home Owners' Loan Act, FDIA and FIRREA.

9. These Orders shall become effective on the date of issuance by the Regional Director, and shall remain in effect until modified or terminated by the OTS.

THE OFFICE OF THRIFT SUPERVISION

By: 

John F. Robinson
Regional Director
West Region

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

In the Matter of)
CENTRUST FINANCIAL, an)
Independent Contractor and/or)
Agent of)
PLAZA SAVINGS AND LOAN)
ASSOCIATION,)
Santa Ana, California)
and)
CARTER C. GREEN, Manager of)
Centrust Financial)
_____)

Re: Order No. SF-94-001

Dated: January 3, 1994

STIPULATION AND CONSENT TO THE ENTRY OF AN ORDER
OF PROHIBITION AND TO CEASE AND DESIST

WHEREAS, the Office of Thrift Supervision ("OTS"), based upon information derived from the exercise of its regulatory responsibilities, has informed CENTRUST FINANCIAL ("CENTRUST"), an independent contractor and/or agent of PLAZA SAVINGS AND LOAN ASSOCIATION, Santa Ana, California, ("PLAZA"), and CARTER GREEN ("GREEN"), an officer of CENTRUST, that OTS is of the opinion that grounds exist to initiate an administrative cease and desist proceeding against CENTRUST and GREEN pursuant to Section 8(b) of the Federal Deposit Insurance Act ("FDIA"), 12 U.S.C. § 1818(b), and an administrative prohibition action against CENTRUST and GREEN pursuant to Section 8(e) of the FDIA, 12 U.S.C. § 1818(e); and

WHEREAS, without admitting or denying that such grounds exist or admitting or denying the validity of the findings and

conclusions of the OTS and solely for the purpose of resolving these matters in accordance with Rule 408 of the Federal Rules of Evidence, CENTRUST and GREEN desire to cooperate with the OTS to avoid the time and expense of such administrative proceeding and hereby stipulate and agree to the following:

1. Jurisdiction.

(a) PLAZA is a "savings association" within the meaning of Section 3(b) of the FDIA, 12 U.S.C. § 1813(b) and Section 2(4) of the Home Owners' Loan Act, 12 U.S.C. § 1462(4). Accordingly, it is an "insured depository institution" as that term is defined in Section 3(c) of the FDIA, 12 U.S.C. § 1813(c).

(b) CENTRUST is an independent contractor to and agent of PLAZA. CENTRUST knowingly or recklessly violated laws, rules and regulations, breached its fiduciary duty to PLAZA, and engaged in unsafe and unsound practices. Accordingly, CENTRUST is an "institution-affiliated party" of PLAZA, 12 U.S.C. § 1813(u)(4).

(c) GREEN was an officer of CENTRUST who acted on behalf of CENTRUST in its dealings with PLAZA and who knowingly or recklessly created and then submitted fraudulent loan applications and supporting packages to PLAZA on behalf of CENTRUST. As the principal agent of CENTRUST's fraudulent activities involving PLAZA, GREEN is an "institution-affiliated party" of PLAZA as the term is defined in 12 U.S.C. § 1813(u)(4).

(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 savings association and/or its institution-affiliated parties. Therefore, CENTRUST and GREEN are subject to the authority of the OTS to initiate and maintain Cease and Desist and Prohibition proceedings against them pursuant to Section 8(b) of the FDIA, 12 U.S.C. §§ 1818(b) and (e).

2. OTS Findings of Fact.

The OTS has conducted a formal examination concerning the affairs of PLAZA and as a result of that examination has concluded that:

On January 8, 1992, CENTRUST and GREEN submitted an application for broker approval to PLAZA, and on January 24, 1992, PLAZA approved the application and the parties executed a Broker Agreement effective as of January 8, 1992.

The Broker Agreement required, among other things, that:

(1) All loans submitted by CENTRUST to PLAZA would contain true and valid information and would be in compliance with all applicable federal, state and local statutes, ordinances and regulations;

(2) All loans submitted by CENTRUST to PLAZA would comply with all pertinent requirements and warranties of the Federal National Mortgage Association ("FNMA") and the Federal Home Loan Mortgage Corporation ("FHLMC"); and

(3) All loans submitted by CENTRUST to PLAZA would be underwritten in accordance with PLAZA's current secondary market standards.

CENTRUST and PLAZA also entered into a Limited Agency Agreement effective January 9, 1992. The Agency Agreement was executed by the general partner of CENTRUST and required, among other things, that appraisals submitted by CENTRUST as part of the loan packages conform to all appraisal standards and requirements imposed under applicable OTS regulations.

MARTIN LOAN APPLICATION SUBMITTED TO PLAZA

In the fall of 1991, GREEN recruited Carol Martin ("Martin") to pose as a borrower in a residential loan application. GREEN promised to pay her five thousand dollars if she would sign necessary documentation and allow him to use her credit history in support of an application. GREEN told her that she would never have to make any payments on the ultimate loan.

On January 21, 1992, CENTRUST and GREEN submitted an application and supporting loan package to PLAZA seeking approval of a \$650,000 loan in Martin's name. The loan was to be secured by a condominium property located at 33725 Chula Vista Avenue, #4, Dana Point, California.

In the application and loan package submitted to PLAZA pursuant to the broker agreement, CENTRUST and GREEN made the following material representations:

(1) That the Dana Point property would be Martin's primary residence;

(2) That Martin was a marketing analyst at Prima Pak;

(3) That Martin's monthly salary at Prima Pak was \$18,866;

(4) That Martin had \$241,245 on deposit at Senecure Investment Fund; and

(5) That Martin would pay a cash downpayment of approximately \$227,281 to purchase the Dana Point property.

All of these representations were false and were known to be false when made by CENTRUST and GREEN.

The application and loan package submitted to PLAZA also contained the following documents:

(1) Tax returns for Martin for the years 1989 and 1990 that reported adjusted gross income of \$232,071 and \$244,204, respectively;

(2) W-2 wage and tax statements for 1989 through 1991 which reported income as follows: 1989 -- \$215,682, 1990 -- \$226,173, and 1991 -- \$238,807;

(3) Paycheck stubs for January 1992 reporting monthly earnings of \$20,565.66;

(4) A verification of employment form dated December 9, 1991 reporting that Martin was employed by Prima Pak as a marketing analyst with a salary from January 1991 through November 1991 totalling \$218,511; and

(5) A verification of deposit form dated December 12, 1992 reporting Martin had a deposit of \$241,245.28 at Senecure Investment Fund.

The information contained in these documents was false and known to be false when submitted to PLAZA by CENTRUST and GREEN.

The loan package submitted to PLAZA by CENTRUST and GREEN also contained an appraisal report valuing the Chula Vista property at \$860,000. The appraisal overstated the fair market value of the property. CENTRUST and GREEN knew that the appraisal reported an inflated value. A subsequent appraisal, prepared at the request of PLAZA, valued the property at \$450,000.

In February 1992, CENTRUST and GREEN caused another loan application to be completed and sent to PLAZA modifying the financial information provided in connection with the original Martin loan application. In addition to the knowing misrepresentations contained in the prior loan application, CENTRUST and GREEN submitted the following additional representation: that Martin had on deposit \$256,012.17 with United Investment Group. This additional statement was false and known to be false when made to PLAZA by CENTRUST and GREEN.

On February 24, 1992, PLAZA approved and funded the loan by sending \$643,907.88 to Fidelity National Title. On February 24, 1992, CENTRUST received \$3,645.00 from PLAZA as a loan and processing fee for the loan.

Following the funding of this loan, Martin did not occupy the property and failed to make any of the contractually required loan payments. PLAZA suffered a substantial loss on this transaction.

MARTIN LOAN APPLICATION SUBMITTED TO UNITED

On February 20, 1992, just four days before the PLAZA loan described above was funded, CENTRUST and GREEN submitted an application and loan package to UNITED SAVINGS BANK, San Francisco, California ("UNITED"), seeking approval of a \$637,600 loan in Martin's name. The UNITED loan was to be secured by property located at 7430 Via De Fortuna, Carlsbad, California.

As in the case of the Martin loan submitted to PLAZA, the Martin loan application submitted by CENTRUST and GREEN to UNITED included known material misrepresentations of fact and included financial documents that were known to be false at the time they were submitted to UNITED by CENTRUST and GREEN.

The Martin loan package submitted to UNITED by CENTRUST and GREEN also contained an appraisal report valuing the Carlsbad property at \$797,000. The appraisal overstated the fair market value of the property. CENTRUST and GREEN knew that the appraisal reported an inflated value. A subsequent review conducted by UNITED arrived at an appraised property value of \$585,000.

In February 1992, UNITED approved the loan. The loan was later withdrawn, however, following UNITED's review appraisal.

3. Consent.

CENTRUST and GREEN consent to the issuance by the OTS of the Order. CENTRUST and GREEN further agree to comply with the terms of the Order upon issuance and stipulate that the Order complies with all requirements of the law.

4. Finality.

The Order is issued under Sections 8(b) and 8(e) of the FDIA, 12 U.S.C. §§ 1818(b) and (e). Upon its issuance by the Regional Director or designee for the West Region, OTS, 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).

5. Waivers.

(a) CENTRUST and GREEN waive the right to a notice of charges and the administrative hearing provided by Sections 8(b) and (e) of the FDIA, 12 U.S.C. §§ 1818(b) and (e), and further waive 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), or otherwise to challenge the validity of the Order.

(b) CENTRUST and GREEN acknowledge and agree that the consent to the entry of the Order are for the purposes of resolving this OTS enforcement matter only, and do not resolve, affect or preclude any other administrative, civil or criminal proceeding which may be or has been brought by the OTS or another governmental entity.

(c) CENTRUST and GREEN waive 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 or under the Equal Access to Justice Act, 5 U.S.C. § 504 and 28 U.S.C. § 2412.

6. Miscellaneous.

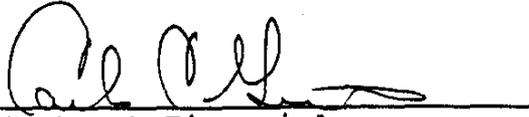
(a) CENTRUST and GREEN acknowledge that the OTS has not required restitution of its costs of investigation based solely upon the sworn Statement of Financial Condition submitted by GREEN to the OTS and dated December 8, 1993. Should it subsequently be determined that the Statement of Financial Condition was false or otherwise failed to disclose assets available for the payment of such restitution, CENTRUST and GREEN acknowledge that the OTS retains the right to pursue its claim for restitution of the costs of investigation. Further, CENTRUST and GREEN hereby waive any claim that such action undertaken by the OTS, after discovery of a false or otherwise inadequate disclosure, is barred by any statute of limitations.

(b) GREEN acknowledges that any statement provided to the OTS pursuant to Paragraph 7 of the Order, the Cooperation provision, shall not be considered a compelled statement pursuant to 18 U.S.C. § 6002.

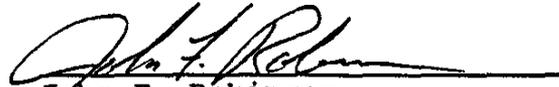
WHEREAS, CENTRUST and GREEN execute this Stipulation and Consent to the Entry of an Order of Prohibition and to Cease and Desist, intending to be legally bound hereby.

By:

Accepted by:

for

Centrust Financial

OFFICE OF THRIFT SUPERVISION


John F. Robinson
Regional Director
West Region

By:


Carter C. Green