

**UNITED STATES OF AMERICA
Before The
OFFICE OF THRIFT SUPERVISION**

In the Matter of)

J. B. Tate, Jr., M. L. Duke,)
Fla Joyce, and John H. Boren)
Directors of)
Snyder Savings and Loan)
Association, Snyder, Texas)

No.: DAL-94-39

Dated: November 21, 1994

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

WHEREAS, The Office of Thrift Supervision ("OTS"), based upon information derived from the exercise of its regulatory responsibilities, has informed J. B. Tate, Jr., M. L. Duke, Fla Joyce, and John H. Boren ("Respondents") directors of Snyder Savings and Loan Association, (OTS No. 6161), Snyder, Texas ("Association" or "Snyder Savings") that the OTS is of the opinion that the grounds exist to initiate an administrative cease and desist proceeding against Respondents pursuant to Section 8(b) of the Federal Deposit Insurance Act ("FDIA"), 12 U.S.C. § 1818(b);¹ and

WHEREAS, without admitting or denying the allegations herein, Respondents desire to cooperate with the OTS and to avoid the time and expense of such administrative litigation and, hereby stipulate and agree to the following terms:

1. **JURISDICTION**

- (a) Snyder Savings 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

1. All references to the U.S.C. are as amended.

defined in Section 3(c) of the FDIA, 12 U.S.C. § 1813(c).

- (b) Respondents, at all times relevant to the allegations set forth herein, served as directors of Snyder Savings and as such are deemed to be "institution-affiliated parties" of Snyder Savings as defined in Section 3(u) of the FDIA, 12 U.S.C. § 1813(u), having served in such capacity within 6 years of the date hereof (See Section 8(i)(3) of the FDIA; 12 U.S.C. § 1818(i)(3)).
- (c) Pursuant to Section 3(q) of the FDIA, 12 U.S.C. § 1813(q), the OTS is the "appropriate Federal Banking agency" to maintain an enforcement proceeding against such a savings association and/or its institution-affiliated parties. Therefore, Respondents are subject to the authority of the OTS to initiate and maintain a cease and desist proceeding against them pursuant to Section 8(b) of the FDIA, 12 U.S.C. § 1818(b).

2. OTS FINDINGS OF FACTS

The grounds for this cease and desist order relate to Respondents' making and approving two loans in the amount of \$750,000 and \$50,000 to Kayo Corporation on or about November 5, 1987 and February 25, 1988, respectively, without regard to safe and sound practices and contrary to the guidelines of 12 C.F.R. § 571.7.

Snyder subsequently suffered a loss when Kayo Corporation defaulted on the loans.

3. **CONSENT**

(a) Respondents consent to the issuance by the OTS of the accompanying Order to Cease and Desist ("Order"). Respondents further agree to comply with the terms upon issuance and stipulate that the Order complies with all requirements of law, including Section 8(b) of the FDIA, 12 U.S.C. § 1818(b).

(b) Respondents acknowledge that the debt owed pursuant to the Order is not dischargeable under the Bankruptcy Code, in accordance with 11 U.S.C. § 523(a)(11) and (12).

4. **FINALITY**

The Order is issued by the OTS under the authority of Section 8(b) of the FDIA, 12 U.S.C. § 1818(b). Upon issuance of the Order, it shall be a final order that is 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**

Respondents waive the following rights:

(a) the right to be served with a written notice of the OTS's charges against Respondents (see Section 8(b) of the FDIA, 12 U.S.C. § 1818(b));

- (b) the right to an administrative hearing of the OTS's charges against Respondents (see Section 8(b) of the FDIA, 12 U.S.C. § 1818(b));
- (c) the right to seek judicial review of the Order, including, without limitation, 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

6. INDEMNIFICATION

Respondents shall neither cause nor permit Snyder Savings (or any subsidiary thereof) to incur, directly or indirectly, any expense for any legal fees (or other professional expenses) incurred relative to the negotiation and issuance of the Order, nor obtain any indemnification (or other reimbursement) from Snyder Savings (or any subsidiary thereof) with respect to such amounts. Any such payments received by or on behalf of Respondents in connection with this action shall be returned to Snyder Savings.

7. ACKNOWLEDGMENTS

- (a) Respondents acknowledge and agree that this Stipulation and Consent, the Order and the payment by Respondents of any monies or providing any other financial relief as contemplated by the Order, does not compromise, settle, dismiss, resolve, or in any way affect any civil actions, charges against, or liability of Respondents that arise pursuant to this

action or otherwise, and that may be or have been brought by any other governmental entity other than the OTS.

(b) Respondents acknowledge that Section 8(i) of the FDIA, 12 U.S.C. § 1818(i), sets forth civil money penalties for violations of this Order.

WHEREFORE, B. J. Tate, Jr., M L. Duke, Fla Joyce, and John H. Boren execute this Stipulation and Consent to the Entry of a Cease and Desist Order intending to be legally bound hereby.

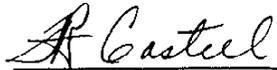
By: 
M. L. Duke

By: 
J. B. Tate, Jr.

By: 
John H. Boren

By: 
Fla Joyce

ACCEPTED BY:


Frederick R. Casteel
Regional Director
Midwest Regional Office
Dallas, Texas

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No.: DAL-94-39

Dated: November 21, 1994

ORDER TO CEASE AND DESIST

WHEREAS, J. B. Tate, Jr., M. L. Duke, Fla Joyce, and John H. Boren ("Respondents") have executed a Stipulation and Consent to the Entry of a Cease and Desist Order on _____ (date); and

WHEREAS, Respondents, by the execution of the Stipulation, the terms of which are incorporated herein by reference, have consented and agreed to the issuance of this Order to Cease and Desist ("Order") by the Office of Thrift Supervision ("OTS"), pursuant to Section 8(b) of the Federal Deposit Insurance Act, ("FDIA"), 12 U.S.C. § 1818(b).¹

NOW THEREFORE, IT IS ORDERED that:

1. Respondents shall cease and desist from acts, omissions, or practices involving conflicts of interest as defined in 12 C.F.R. § 571.7 or any successor regulations.
2. Respondents shall cease and desist from any acts, omissions, or practices which constitute a breach of fiduciary duty to any federally insured depository institution.
3. Respondents shall cease and desist from any unsafe or unsound practice as an institution-affiliated party within the meaning of Section 3(u) of the FDIA, 12 U.S.C. § 1813(u).

1. All references to the U.S.C. are as amended.

4. Respondents shall make restitution to Snyder Savings and Loan Association, Snyder, Texas ("Snyder Savings"), in the amount of Ten Thousand Dollars (\$10,000). This represents an amount offered in mitigation of losses and expenses incurred, including legal fees and accrued interest and carrying costs resulting from two loans made by Snyder Savings to Kayo Corporation on or about November 5, 1987 and February 25, 1988.
5. Respondents shall comply with Paragraph 4 by sending a cashier's check in the amount of Five Thousand Dollars (\$5,000) to Snyder Savings and Loan Association, 2619 College Avenue, Snyder, Texas 79549, within ten days of the effective date of this Order, and a second cashier's check for Five Thousand Dollars (\$5,000) to Snyder Savings and Loan Association within 90 days of the effective date of this Order. The checks should be made payable to Snyder Savings and Loan Association, and a copy of the checks should be sent to Guadalupe Gonzalez, Assistant Regional Counsel, c/o Legal Department, OTS Midwest Regional Office, P. O. Box 619027, Dallas/Fort Worth, Texas 75261-9027.
6. The Stipulation is made a part hereof and is incorporated herein by this reference.

This Order shall remain in effect until terminated, modified or suspended in writing by the Regional Director or his designee.

THE OFFICE OF THRIFT SUPERVISION

By: *Frederick R. Casteel*
Frederick R. Casteel
Regional Director
Midwest Regional Office
Dallas, Texas