

UNITED STATES OF AMERICA
Before the
OFFICE OF THRIFT SUPERVISION

In the Matter of)

CLIFTON G. CLARK,

Order No. **ATL-98-1**

A Former Officer and Director of

Date: **January 20, 1998**

Greater Atlantic Savings Bank, F.S.B.,
Vienna, Virginia.

STIPULATION AND CONSENT TO THE ISSUANCE OF AN ORDER TO
CEASE AND DESIST 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 Clifton G. Clark (“Clark”), a former President and Director of Greater Atlantic Savings Bank, F.S.B., Vienna, Virginia (“Greater Atlantic”), that grounds exist to initiate an administrative cease and desist proceeding against him pursuant to 12 U.S.C. § 1818(b),’ and to assess a civil money penalty against him pursuant to 12 U.S.C. § 1818(i); and

WHEREAS, Clark desires to cooperate with the OTS and to avoid the time and expense of such administrative proceeding and, without admitting or denying that such grounds exist, or the Findings of Fact or opinions and conclusions of the OTS, except as to Jurisdiction, paragraph 1, below, which is admitted, hereby stipulates and agrees to the following terms:

1. Jurisdiction. (a) Greater Atlantic is a “savings association” within the meaning of 12 U.S.C. § 1813(b)(1) and 12 U.S.C. §1462(4). Accordingly, it is an “insured depository institution” as that term is defined in 12 U.S.C. §1813(c)(2).

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

(b) Clark, having served as an officer and director of Greater Atlantic within six (6) years of the date hereof (see 12 U.S.C. §1818(i)(3)), is an “institution-affiliated party” as that term is defined in 12 U.S.C. § 1813(u).

(e) Pursuant to 12 U.S.C. § 18 13(q), the Director of the OTS is the “appropriate Federal Banking agency” to maintain an administrative cease and desist proceeding and civil money penalty proceeding against such a savings association or its institution-affiliated parties. Therefore, Clark 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. § 18 18(b), and a civil money penalty proceeding against him pursuant to 12 U.S.C. §181 8(i). The Director of the OTS has delegated to the Regional Director of the Southeast Region of the OTS or his designee (“Regional Director”) the authority to issue cease and desist orders and orders of assessment of civil money penalty where the individual has consented to the issuance of the Order.

2. Findings of Fact. The OTS finds that:

(a) Between February 1990 and March 1992, Greater Atlantic made six consumer or commercial loans to Federal Office Supply, also known as Alba, Inc. (“Alba”), which were originated by Clark. The loans violated provisions of 12 C.F.R. §563.170(c)(2)(1990- 1992) because Greater Atlantic’s records did not show whether the obligor for the Alba loans was able to generate sufficient cash flow to service the debt or another source of repayment. Additionally, the Greater Atlantic security interest in some of the collateral was not perfected. For these and other reasons, including the following practices, the loans did not meet accepted standards of prudent banking operations. Collateral for the loans was released without adequate compensation, and no personal guarantee was obtained for the last refinance of the loans. These regulatory violations and inadequate lending procedures ultimately resulted in loss on the loans to Greater Atlantic in an aggregate amount of \$72,675.

(b) The repeated violations of regulations by Clark in originating and administering the

Alba loans involved a reckless disregard for the law.

(c) Within the period January 1995 to March 1995, Clark originated three unsecured loans in an aggregate amount of \$650,000 to Anne Bagot and Matthew Bensen, who were nominees for Zimmerman Development Corporation ("Zimmerman"). The regulatory lending limitation on loans to one borrower for Greater Atlantic was \$500,000. Because Greater Atlantic had a loan outstanding to Zimmerman in a maximum amount of \$500,000, the Bagot and Bensen loans caused Greater Atlantic to violate the regulatory limitation of 12 C.F.R. § 563.93(c) (1995). In addition, the loans lacked documentation required by 12 C.F.R. § 563.170(c)(2)(1995), including records of loan approval and the actual recipient of the loan proceeds. Furthermore, the financial capability of Bagot and Bensen, as reflected in the Greater Atlantic records, did not support unsecured extensions of credit of such magnitude to the obligors under accepted standards of prudent banking operations.

(d) The violation of regulations by Clark in originating and administering the Alba and Zimmerman loans involved a pattern of misconduct and, for the Alba loan, caused more than a minimal loss to Greater Atlantic.

3. Consent. Clark consents to the issuance by the OTS of the accompanying Order to Cease and Desist and Order of Assessment of Civil Money Penalty (“Order”). Clark further agrees to comply with the terms of the Order 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) and 1818(i). Upon its issuance by the OTS, it shall be a final order, effective and fully enforceable by the OTS under the provisions of 12 U.S.C. § 1818(i).

5. Waivers. Clark waives the following:

(a) the right to be served with a written notice of the OTS’s charges against him as provided by 12 U.S.C. §§ 1818(b) and 1818(i);

(b) the right to an administrative hearing of the OTS’s charges against him as provided by §§1818(b) and 1818(i);

(c) the right to seek judicial review of the Order, including, without limitation, any such right provided by 12 U.S.C. § 1818(h), or otherwise to challenge the validity of the Order;

(d) any and all claims against the OTS, including its employees and agents, and any other governmental entity 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, or 28 U.S.C. § 2412; and

(e) the right to assert this proceeding, his consent to issuance of the Order, the issuance of the Order, the payment of any monies or the provision of any other financial relief as

contemplated by **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 governmental entity.

6. Other Governmental Actions Not Affected. Clark acknowledges and agrees that the consent to the issuance of **the Order** is for the purpose of resolving this OTS enforcement matter only and the violations of law described above and does not release, discharge, compromise, settle, dismiss, resolve, or in any way affect any actions, charges against, or liability of Clark that arise pursuant to this action or otherwise and that may be or have been brought by the OTS or another governmental entity.

“[T]his OTS enforcement matter” refers to (i) expenses paid by Greater Atlantic for the benefit of Clark and (ii) extensions of credit by Greater Atlantic to the following parties:

The Alison Alfandre Grandchild’s Trust
The Daniel Foulger Alfandre Grandchild’s Trust
Burman Properties, Inc., and Paul Burman and Josephine Burman
Lewis Jacobs and Dexter Stein
Alba, Inc., or Federal Office Supply
Sherman Lazrus and Charlotte Lazrus
Dr. Edward E. Cunningham
Zimmerman Development Corporation
Matthew Bensen
Anne Bagot

7. Representation As To Financial Condition. It is understood that, as part of this settlement, the OTS has relied in part on Clark’s representations concerning his current financial condition, as set forth in a written statement of financial condition dated September 2, 1997, (on OTS Form 1571, “Statement of Financial Condition”), which has been signed by Clark. If any information included in the Statement of Financial Condition is found to be false or misleading with respect to any material fact (including but not limited to the failure to properly identify and/or value any material asset or liability), the OTS reserves the right to take any action authorized by law, in the exercise of its discretion, including assessing civil money penalties under 12 U.S.C. §1818(i), or to void this Stipulation and the Order, or to take any other legal

action.

8. Miscellany. (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 OTS's predecessors, successors, and assigns.

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

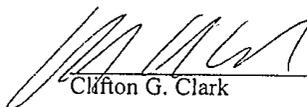
(d) The terms of this Stipulation and the Order represent the final written agreement of the parties with respect to the subject matters hereof, and constitute the sole agreement of the parties with respect to such subject matters.

(e) This Stipulation and the Order shall remain in effect until terminated, modified, or suspended in writing by the OTS, acting through its Director, Regional Director or other authorized representative.

WHEREFORE, Clifton G. Clark executes this Stipulation and Consent to the Entry of an Order to Cease and Desist and Order of Assessment of Civil Money Penalty, intending to be legally bound hereby.

Accepted By:

OFFICE OF THRIFT SUPERVISION


Clifton G. Clark


Richard M. Riccobono
Acting Regional Director
Southeast Region

Dated: 1-6-97

Dated: January 20, 1998

UNITED STATES OF AMERICA
Before the
OFFICE OF THRIFT SUPERVISION

In the Matter of

CLIFTON G. CLARK,

A Former Officer and Director of

Greater Atlantic Savings Bank, F.S.B.,
Vienna, Virginia.

OTS Order No. ATL-98-I

Date: **January** 20, 1998

CONSENT ORDER TO CEASE AND DESIST
AND ORDER OF ASSESSMENT OF CIVIL MONEY PENALTY

WHEREAS, Clifton G. Clark ("Clark") has executed a Stipulation and Consent to the Issuance of an Order to Cease and Desist and Order of Assessment of Civil Money Penalty ("Stipulation"); and

WHEREAS, Clark, by his execution of the Stipulation, has consented and agreed to the issuance of this Consent Order to Cease and Desist and Order of Assessment of Civil Money Penalty ("Order") pursuant to 12 U.S.C. §§1818(b)¹ and 1818(i);

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 on behalf of the OTS where a party has consented to the issuance of the Order:

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

NOW THEREFORE, IT IS ORDERED THAT:

1. Clark shall **cease** and desist from any action (alone or with another or others) for or toward causing, bringing about, participating in, counseling or the aiding or abetting of any violation of 12 C.F.R. Part 560 (1997) or 12 C.F.R. § 563.170 (1997) and any successor provisions to these regulations governing lending by savings associations.

2. Within ten (10) calendar days of the date of this Order, Clark shall pay to the Office of Thrift Supervision the sum of \$2,000.00 by tendering a certified check or bank draft made payable to the order of the Treasurer of the United States. The check or bank draft and a copy of the Order shall be delivered, to the following address: Controller's Division, Office of Thrift Supervision, 1700 G Street, N.W., Washington, DC 20552. The check or bank draft shall be tendered together with a cover letter stating that the check or bank draft is payment of civil money penalties relating to Greater Atlantic. A copy of the check or bank draft and the cover letter shall be provided by U.S. Mail to Kenneth A. Cureton, Senior Enforcement Attorney, Office of Thrift Supervision, 1700 G Street, N.W., Washington, DC 20552.

3. Notice to Regulators.

Prior to accepting any position as an Institution-Affiliated Party of a banking institution, Clark shall provide written notice to the appropriate Regional Director of the OTS and any other appropriate Federal banking agency of his intention to accept a position in a banking institution.

4. Clark shall promptly respond to any request from the OTS for documents that the OTS reasonably requests to demonstrate compliance with this Order.

j. The Stipulation is made a part hereof and is incorporated herein.

6. Definitions.

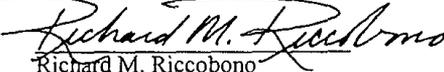
For purposes of this Order:

- (a) “banking institution,” as used in this Order, 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 entity under the control of an insured depository institution, any “insured credit union” within the meaning of 12 U.S.C. § 1752(7); any “savings and loan holding company” within the meaning of 12 U.S.C. § 1467a(a)(1); any “bank holding company” within the meaning of 12 U.S.C. § 1841;
- (b) except as otherwise expressly provided in this Order, any terms used herein that are defined in the Home Owner’s 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.

This Order is and shall become effective on the date it is issued, as shown in the caption on the first page hereof. The Stipulation and the Order shall remain in effect until terminated, modified or suspended in writing by the OTS, acting through its Director, Regional Director, or other authorized representative.

OFFICE OF THRIFT SUPERVISION

By:


Richard M. Riccobono
Acting Regional Director
Southeast Region