

UNITED STATES OF AMERICA
Before The
OFFICE OF THRIFT SUPERVISION

)
In the Matter of)
)
MILLEDGE G. SMITH)
)
A Former Officer of)
)
First Georgia Bank, FSB)
Brunswick, Georgia)
(OTS No. 07978))

Order No. **ATL-2002-01**
Dated: **February 15, 2002**

**STIPULATION AND CONSENT TO THE ISSUANCE OF AN
ORDER OF PROHIBITION**

WHEREAS, the Office of Thrift Supervision ("OTS"), based upon information derived from the exercise of its regulatory responsibilities, has informed **MILLEDGE G. SMITH (SMITH)** a former Officer of Firs Georgia Bank, FSB, Brunswick, Georgia (OTS No. 07987) (**FIRST GEORGIA**) that grounds exist to initiate an administrative removal and prohibition proceeding against him pursuant to 12 U.S.C. § 1818(e),¹ and

WHEREAS, **SMITH** 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:

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

MILLEDGE G. SMITH
Stipulation and Consent

1. Jurisdiction. (a) **FIRST GEORGIA** is a "savings association" within the meaning of 12 U.S.C. § 1813(b) 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);

(b) **SMITH** was a Loan Officer, President of **FIRST GEORGIA** and is an "institution-affiliated party" as that term is defined in 12 U.S.C. § 1813(u), having served in such capacity within 6 years of the date hereof (see 12 U.S.C. § 1818(i)(3)); and

(c) Pursuant to 12 U.S.C. § 1813(q), the Director of the OTS is the "appropriate Federal Banking agency" to maintain an administrative removal and prohibition proceeding against such a savings association or its institution-affiliated parties. Therefore, **SMITH** is subject to the jurisdiction of the OTS to initiate and maintain an administrative proceeding against him pursuant to 12 U.S.C. § 1818(e). 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 removal and prohibition orders where the individual has consented to the issuance of the order.

2. OTS Findings of Fact. The OTS finds that:

During the period from February of 1999 through July of 2000, as a loan officer of **FIRST GEORGIA**, and for several years before that as a loan officer at another federally insured institution in Georgia, **SMITH** breached his fiduciary duty and engaged in numerous unsafe and unsound lending practices, including but not limited to providing false information to senior officers and violating institution lending policies and procedures to secure loans for certain borrowers. By his actions **SMITH** demonstrated a willful disregard for the safety and soundness

of **FIRST GEORGIA** and another federally insured financial institution. As a result of those unsafe and unsound practices, **FIRST GEORGIA** and the other institution suffered significant losses.

3. Consent. **SMITH** consents to the issuance by the OTS of the accompanying Consent Order of Prohibition ("Order"). **SMITH** 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(e). 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. **SMITH** waives the following:

(a) the right to be served with a written notice of charges against him as provided by 12 U.S.C. § 1818(e);

(b) the right to an administrative hearing of the OTS's charges against him as provided by 12 U.S.C. § 1818(e);

(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. Indemnification. SMITH represents that he has not received, directly or indirectly, any sums from FIRST GEORGIA for the purpose of indemnifying or reimbursing him for any expenses incurred by him in connection with the OTS investigation. SMITH shall neither cause nor permit FIRST GEORGIA (or any successor institution, holding company, subsidiary or service corporation thereof) to incur, directly or indirectly, any expense for any legal or other professional services rendered to SMITH relative to the negotiation and issuance of the Order, nor obtain any indemnification (or other reimbursement) from FIRST GEORGIA (or any successor institution, holding company, subsidiary or service corporation thereof) with respect to such expenses. In the event that any such payments are received by or on behalf of SMITH in connection with this action, SMITH agrees promptly to notify the OTS of the receipt of such payments and to return such payments without delay to FIRST GEORGIA (or the successor institution, holding company, subsidiary or service corporation thereof).

7. Other Governmental Actions Not Affected. SMITH acknowledges and agrees that the consent to the issuance of the Order is for the purpose of resolving this OTS enforcement matter only, and does not release, discharge, compromise, settle, dismiss, resolve, or in any way

affect any actions, charges against, or liability of **SMITH** that arise pursuant to this action or otherwise and that may be or have been brought by another governmental entity.

8. Agreement for Continuing Cooperation. **SMITH** 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 or at any judicial or administrative proceeding related to any investigation, litigation, or other proceeding maintained by the OTS relating to **FIRST GEORGIA**, its holding company, service corporations or subsidiaries or its institution-affiliated parties, except that **SMITH** does not waive any privilege against self-incrimination under the Fifth Amendment of the United States Constitution or any attorney-client privilege. If **SMITH** invokes his privilege against self-incrimination under the Fifth Amendment of the United States Constitution and the OTS obtains a grant of immunity pursuant to 18 U.S.C. § 6001 et seq., **SMITH** 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.

9. Acknowledgment of Criminal Sanctions. **SMITH** acknowledges that the Stipulation and Order are subject to the provisions of Section 8(j) of the FDIA, 12 U.S.C. § 1818(j).

10. Miscellaneous.

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

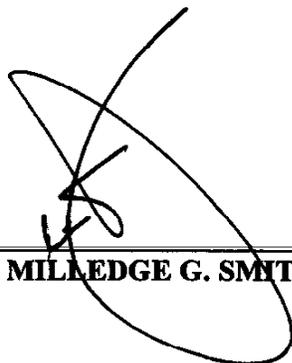
(b) All references to the OTS in this Stipulation and the Order shall also mean any of the OTS' predecessors, successors, and assigns;

(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; and

(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, SMITH executes this Stipulation and Consent to the Issuance of an Order of Removal and Prohibition, intending to be legally bound hereby.

By: 
MILLEDDGE G. SMITH

Accepted by:

OFFICE OF THRIFT SUPERVISION


John E. Ryan
Regional Director
Southeast Region

Dated: 1A Feb 02

Dated: 2-15-02

UNITED STATES OF AMERICA
Before The
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In the Matter of)

MILLEDGE G. SMITH)

A Former Officer of)
First Georgia Bank, FSB.)
Brunswick, Georgia)
(OTS No. 07978))

Order No. ATL-2002-01

Dated: February 15, 2002

CONSENT ORDER OF PROHIBITION

WHEREAS, Milledge G. Smith (SMITH) has executed a Stipulation and Consent to the Issuance of an Order of Removal and Prohibition ("Stipulation); and

WHEREAS, SMITH, by his execution of the Stipulation, has consented and agreed to the issuance of this Order of Removal and Prohibition ("Order") by the Office of Thrift Supervision ("OTS"), pursuant to 12 U.S.C. § 1818(e).

NOW THEREFORE, IT IS ORDERED that:

1. SMITH, except upon the prior written consent of the OTS (acting through its Director or an authorized representative thereof) and any other "appropriate Federal financial institutions regulatory agency," for purposes of 12 U.S.C.

§ 1818(e)(7)(B)(ii), shall not:

(a) hold any office in, or participate in any manner in the conduct of the affairs of, any institution or agency specified in 12 U.S.C. § 1818(e)(7)(A), including, but not limited to:

SMITH
Order of Prohibition

- (i) any insured depository institution, e.g., savings and loan associations, savings banks, national banks, trust companies, and other banking institutions;
 - (ii) any institution treated as an insured bank under 12 U.S.C. §§ 1818(b)(3) and 1818(b)(4), or as a savings association under 12 U.S.C. § 1818(b)(9), e.g., subsidiaries and holding companies of banks or savings associations;
 - (iii) any insured credit union under the Federal Credit Union Act [12 U.S.C. § 1781 et seq.];
 - (iv) any institution chartered under the Farm Credit Act of 1971 [12 U.S.C. § 2001 et seq.];
 - (v) any appropriate Federal depository institution regulatory agency, within the meaning of 12 U.S.C. § 1818(e)(7)(A)(v); and
 - (vi) the Federal Housing Finance Board and any Federal Home Loan Bank.
- (b) solicit, procure, transfer, attempt to transfer, vote, or attempt to vote any proxy, consent, or authorization with respect to any voting rights in any institution described in 12 U.S.C. § 1818(e)(7)(A);
- (c) violate any voting agreement previously approved by the “appropriate Federal banking agency” within the meaning of 12 U.S.C. § 1813(q); or

(d) vote for a director, or serve or act as an "institution-affiliated party," as that term is defined at 12 U.S.C. § 1813(u), e.g., a director, officer, employee, controlling stockholder of, or agent for, an insured depository institution.

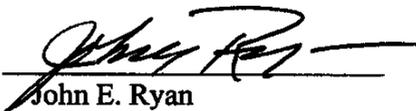
2. The Stipulation is made a part hereof and is incorporated herein by this reference.

3. This Order is subject to the provisions of Section 8(j) of the FDIA, 12 U.S.C. § 1818(j).

4. SMITH shall promptly respond to any request from the OTS for documents and/or information that the OTS reasonably requests to demonstrate compliance with this Order.

5. This Order is and shall become effective on the date it is issued, as shown in the caption 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: 
John E. Ryan
Southeast Regional Director