

UNITED STATES OF AMERICA
Before The
OFFICE OF THRIFT SUPERVISION

In the Matter of)
)
HOWARD LEHMAN,)
)
A Former Director of)
)
FIRST BANK OF BEVERLY HILLS,)
F.S.B.,)
Beverly Hills, California.)

Re: OTS Order No. SF-95-017
Dated: July 18, 1995

STIPULATION AND CONSENT TO
ENTRY 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 HOWARD LEHMAN ("LEHMAN"), a former director of FIRST BANK OF BEVERLY HILLS, F.S.B., Beverly Hills, California, OTS No. 8014 (the "Association"), that the OTS is of the opinion that the grounds exist to initiate an administrative prohibition proceeding against LEHMAN pursuant to Section 8(e) of the Federal Deposit Insurance Act ("FDIA"), 12 U.S.C. § 1818(e); and

WHEREAS, LEHMAN desires to cooperate with the OTS to avoid the time and expense of such administrative proceeding, and without admitting or denying that such grounds exist or admitting or denying the validity of the findings and conclusions of the OTS, except as to the jurisdiction of the OTS, which is admitted, and solely for the purpose of resolving these matters, and without any adjudication on the merits, he hereby stipulates and agrees to the following:

1. Jurisdiction.

(a) The Association 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) LEHMAN, as a former director of the Association is an "institution-affiliated party" as that term is defined in Section 3(u) of the FDIA, 12 U.S.C. § 1813(u).

(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 its institution-affiliated parties. Therefore, LEHMAN is subject to the authority of the OTS to initiate and maintain a prohibition proceeding against him pursuant to Section 8(e) of the FDIA, 12 U.S.C. § 1818(e). The Director of the OTS has delegated to the Regional Directors of the OTS the authority to issue an Order of Prohibition where the respondent has consented to the issuance of the order.

2. OTS Findings of Fact. The OTS, based upon information derived from the exercise of its regulatory responsibilities, concludes that LEHMAN violated rules and regulations and engaged in unsafe and unsound practices, including, but not limited to, the following:

(a) LEHMAN, as a Director of the Association from its inception until 1993, had a duty to make certain that minimum underwriting standards were established and followed in the

Association's lending operations. LEHMAN failed to meet this obligation. His failure to adequately oversee management decisions resulted in the Association approving certain real estate loans that went into default and caused loss to the Association.

(b) LEHMAN, as a Director of the Association, had a duty to avoid conflicts of interest or even the appearance of conflicts of interest. During his tenure as a director, LEHMAN voted to approve the establishment of a joint venture between the Association and two investors on February 24, 1987, after he had invested as a limited partner in two other projects in late 1986 in which the same individuals were acting as general partners. One of those projects was funded in part by the Association. Subsequently, he entered into two other transactions with the same individuals, and again one of those transactions was financed in part by the Association. The Association has no record that LEHMAN disclosed his interest in any of these investments.

(c) The Association suffered financial loss in its overall lending operations and LEHMAN received a financial gain from the Association funded investment transactions. The OTS concludes that LEHMAN's conduct in these matters demonstrated continuing disregard for the safety and soundness of the Association.

3. Consent. LEHMAN consents to the issuance by the OTS of the accompanying Order of Prohibition ("Order"). He further agrees to comply with its terms upon issuance and stipulates that the Order complies with all requirements of law.

4. Finality. The Order is issued by the OTS under the authority of Section 8(e) of the FDIA, 12 U.S.C. § 1818(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. LEHMAN waives the following:

(a) the right to be served with a written notice of the OTS's charges against him (referred to as a Notice of Intention to Prohibit) (see Section 8(e) of the FDIA);

(b) the right to an administrative hearing of the OTS's charges against him (see Section 8(e) of the FDIA);

(c) the right to seek judicial review of the Order, including, without limitation, 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 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. Indemnification. LEHMAN shall neither cause nor permit the Association (or any subsidiary thereof) to incur, directly or indirectly, any expense for any legal (or other professional expenses) incurred relative to the negotiation and issuance of the Order of Prohibition, nor obtain any indemnification (or other reimbursement) from the Association (or any subsidiary thereof) with respect to such amounts. Any such payments received by or on

behalf of the Respondent in connection with this action shall be returned to the Association.

7. Other Actions Not Affected. This Stipulation and Consent to Entry of an Order of Prohibition, the Order and LEHMAN's compliance with the Order, do not compromise, settle, dismiss, resolve, or in any way effect:

(a) any charges or potential actions arising from the Association as they might pertain to any entity or person other than LEHMAN. The OTS expressly reserves its rights to initiate and maintain administrative proceedings against any such other entity or person;

(b) any civil or criminal claims, actions, or charges against or liability of LEHMAN or any other individual or entity asserted by any governmental entity other than the OTS; and

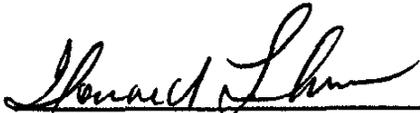
(c) any claims or action that may be brought against LEHMAN by any individual or entity other than the OTS.

8. Acknowledgment of Criminal Sanctions. LEHMAN acknowledges that Section 8(j) of the FDIA, 12 U.S.C. 1818(j), sets forth criminal penalties for knowing violations of this Order.

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WHEREFORE, LEHMAN executes this Stipulation and Consent to Entry of an Order of Prohibition, intending to be legally bound hereby.

By:



HOWARD LEHMAN

Accepted by:

Office of Thrift Supervision



JOHN F. ROBINSON
Regional Director
West Region

Date: July 7, 1995

Date: 7/18/95

UNITED STATES OF AMERICA
Before The
OFFICE OF THRIFT SUPERVISION

In the Matter of)
HOWARD LEHMAN,)
A Former Director of)
FIRST BANK OF BEVERLY HILLS,)
F.S.B.,)
Beverly Hills, California.)

Re: OTS Order No. SF-95-017
Dated: July 18, 1995

ORDER OF PROHIBITION

WHEREAS, HOWARD LEHMAN ("LEHMAN") has executed a Stipulation and Consent to Entry of an Order of Prohibition ("Stipulation") on July 7, 1995; and

WHEREAS, LEHMAN, by his execution of the Stipulation, has consented and agreed to the issuance of this Order of Prohibition ("Order") by the Office of Thrift Supervision ("OTS"), pursuant to Section 8(e) of the Federal Deposit Insurance Act ("FDIA"), 12 U.S.C. § 1818(e); and

WHEREAS, the Director of the Office of Thrift Supervision ("OTS") has delegated to the Regional Director of the OTS the authority to issue Orders on behalf of the OTS where the Respondent has consented to the issuance of the Order.

NOW THEREFORE, IT IS ORDERED that:

1. Due to the operation of Section 8(e)(6) of the FDIA, 12 U.S.C. § 1818(e)(6), LEHMAN shall not:

(a) participate in any manner in the conduct of the affairs of the institutions and agencies set forth in paragraph 2 of this Order;

(b) solicit, procure, transfer, attempt to transfer, vote, or attempt to vote any proxy, consent, or authorization with respect to any voting rights with respect to the institutions and agencies set forth in paragraph 3 of this Order;

(c) violate any voting agreement previously approved by the "appropriate Federal banking agency" as defined in Section 3(q) of the FDIA, 12 U.S.C. § 1813(q); or

(d) vote for a director, or serve or act as an "institution-affiliated party, as defined in Section 3(u) of the FDIA, 12 U.S.C. § 1813(u).

2. Due to the operation of Section 8(e)(7) of the FDIA, 12 U.S.C. § 1818(e)(7), LEHMAN shall not continue or commence to hold any office in, or participate in any manner in the conduct of the affairs of:

(a) any insured depository institution, as defined in Section 8(c) of the FDIA, 12 U.S.C. § 1813(c);

(b) any institution treated as an insured bank under Sections 8(b)(3) or (b)(4) of the FDIA, 12 U.S.C. § 1818(b)(3) or (b)(4);

(c) any institution treated as a savings association under Section 8(b)(9) of the FDIA, 12 U.S.C. § 1818(b)(9), including:

(i) any savings and loan holding company,

(ii) any subsidiary of a savings and loan holding company,

(iii) any service corporation of a savings association,
or,

(iv) any subsidiary of a service corporation, whether wholly or partly owned;

(d) any insured credit union under the Federal Credit Union Act (12 U.S.C. § 1751 et seq.);

(e) any institution chartered under the Farm Credit Act of 1971 (12 U.S.C. § 2001 et seq.);

(f) any appropriate Federal depository institution regulatory agency;

(g) the Federal Housing Finance Board and any Federal Home Loan Bank; or

(h) the Resolution Trust Corporation.

3. To the extent that LEHMAN or any entity controlled by LEHMAN or his family possesses any interest in the stock of First Bank of Beverly Hills, F.S.B., Beverly Hills, California (the "Association"), such interest shall be transferred or otherwise disposed of within one hundred twenty (120) days of the date of entry of this Order. Such transfer may not be to: (1) a member of LEHMAN'S "immediate family," as that term is defined at 12 C.F.R. § 574.2(j); (2) "affiliates," as that term is defined at 12 C.F.R. § 574.2(d); or (3) persons or companies "acting in concert" with LEHMAN, as that term is defined at 12 C.F.R. § 574.2(c). Documentation evidencing the transfer shall be provided to the Regional Director of the West Region of the OTS within five (5) days of the transfer. Pending such transfer, LEHMAN shall not exercise voting or any other rights in such stock or otherwise attempt to influence the operation of the Association.

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

5. Notice is hereby provided that a violation of this Order could subject LEHMAN to the penalties specified in Section 8(j) of the FDIA, 12 U.S.C. § 1818(j).

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

7. LEHMAN, shall, at the OTS's request, on reasonable notice and at reasonable time and location, subject to allowance by his medical consultants, 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 the Association and any other OTS investigation reasonably related to the Association, except that LEHMAN does not waive his right to invoke his privilege against self-incrimination under the Fifth Amendment to the United States Constitution. No statement made pursuant to this paragraph shall be considered a compelled statement pursuant to 18 U.S.C. § 6002.

8. The OTS does not intend to, and nothing in the Order shall be interpreted to limit, in any manner, the full scope of the prohibition prescribed by Section 8(e) of the FDIA, 12 U.S.C. § 1818(e).

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

THE OFFICE OF THRIFT SUPERVISION

By: 
JOHN F. ROBINSON
Regional Director
West Region