

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

In the Matter of )

EUGENE N. HOOPER, )  
a Former Controlling )  
Stockholder of )

FIRST FEDERAL SAVINGS BANK )  
OF SHENANDOAH VALLEY, )  
Front Royal, Virginia. )

OTS Order No. AP 94-44

Dated: September 27, 1994

Re: Docket No. AP 94-40

Dated: August 29, 1994

ORDER OF PROHIBITION,  
ASSESSMENT OF CIVIL MONEY PENALTY AND  
ORDER TO CEASE AND DESIST FOR AFFIRMATIVE RELIEF

WHEREAS, Eugene N. Hooper ("HOOPER") has executed a Stipulation and Consent to Entry of an Order of Prohibition, Assessment of Civil Money Penalty and Order to Cease and Desist for Affirmative Relief ("Consent"), which is incorporated herein by reference and is accepted and approved by the Office of Thrift Supervision, acting by and through its Acting Director; and

WHEREAS, HOOPER has consented and agreed in the Consent to the issuance of this Order of Prohibition, Assessment of Civil Money Penalty and Order to Cease and Desist for Affirmative Relief ("Order");

NOW THEREFORE, THE OTS ORDERS AS FOLLOWS:

1. HOOPER is prohibited from participation, in any manner, in the conduct of the affairs of First Federal Savings Bank of Shenandoah Valley, Front Royal, Virginia, or any of its subsidiaries ("FIRST FEDERAL").

2. Without the prior written approval of the Southeast Regional Director of the Office of Thrift Supervision, or his successor, and if appropriate, another federal financial institutions regulatory agency, HOOPER shall not

- (a) participate in any manner in the conduct of the affairs;
- (b) solicit, procure, transfer, attempt to transfer, vote, or attempt to vote any proxy, consent, or authorization with respect to any voting rights;
- (c) violate any voting agreement previously approved by the "appropriate federal banking agency," as defined in 12 U.S.C. § 1813(q); or
- (d) vote for a director, or serve or act as an "institution-affiliated party," as defined in 12 U.S.C. § 1813(u)

with respect to any of the institutions and agencies set forth in paragraph 3 of this Order.

3. The prohibitions in paragraph 2 of this Order apply to the following institutions and agencies:

- (a) any insured depository institution, as defined in 12 U.S.C. § 1813(c);
- (b) any institution treated as an insured bank under 12 U.S.C. § 1818(b)(3), (b)(4), or as a savings association under 12 U.S.C. 1818(b)(9);
- (c) any insured credit union under the Federal Credit Union Act;

- (d) any institution chartered under the Farm Credit Act of 1971;
- (e) any appropriate Federal depository institution regulatory agency;
- (f) the Federal Housing Finance Board and any Federal home loan bank; and
- (g) the Resolution Trust Corporation.

4. HOOPER shall cease and desist from causing, bringing about, participating in, counseling or aiding and abetting (a) the use of nominee borrowers to obtain loans from any federally-insured depository institution; (b) violation of the regulations limiting loans to affiliated parties published at 12 C.F.R. § 563.43 (1994), and any successor regulations; (c) violation of the regulations limiting loans to one borrower published at 12 C.F.R. § 563.93 (1994), and any successor regulations; (d) violation of Federal Reserve Regulation O lending limits applicable to federally-insured depository institutions published at 12 C.F.R. §§ 215.2(f) and 215.4 (1994) and at 12 U.S.C. § 375b, and any successor regulations and statutes; and (e) violation of the Cease and Desist Order issued by the Federal Home Loan Bank Board against FIRST FEDERAL on September 19, 1985.

5. From and after the date of issuance of this Order, HOOPER shall be individually obligated to make restitution to FIRST FEDERAL, its successors and assigns, and to reimburse the OTS for its costs of investigation, in the total amount of \$80,000, which sum includes interest. This restitution is

necessary to correct the conditions resulting from HOOPER's unsafe or unsound practices and violations of law, regulations, rules and a final order as alleged by the OTS in the cause entitled In the Matter of Eugene N. Hooper, Former Controlling Stockholder of First Federal Savings Bank of Shenandoah Valley, Front Royal, Virginia, OTS Order No. 94-40, dated August 29, 1994. Within ten calendar days of the issuance of this Order, HOOPER shall pay the sum of \$80,000 in the form of a certified check, made payable to the Office of Thrift Supervision.

6. HOOPER shall pay a civil money penalty to the United States Treasury of \$20,000, by tendering a certified check to the OTS in that amount made payable to the Treasurer of the United States within ten calendar days of the issuance of this Order.

7. The checks shall be delivered, together with a cover letter stating the name of the association and the resolution number, and a copy of this Order, to the following:

Office of Thrift Supervision  
Controller's Division  
1700 G Street, N.W.  
Washington, D.C. 20552

A copy of the cover letter to the Controller's Division and a photocopy of the checks shall be delivered to:

Beth N. Mizuno  
Senior Enforcement Attorney  
Office of Thrift Supervision  
1700 G Street, N.W.  
Washington, D.C. 20552

8. All words or terms used in this Order, for which meanings are not specified or otherwise provided for by the provisions of this Order, shall have meanings as defined in

Chapter V of Title 12 of the Code of Federal Regulations, the Home Owner's Loan Act, FDIA and the Financial Institutions Reform, Recovery and Enforcement Act of 1989.

9. This Order shall become effective on the date of its issuance by the Acting Director of the OTS, and shall remain in effect until modified or terminated by the OTS.

OFFICE OF THRIFT SUPERVISION

By: Jonathan L. Flechter  
Jonathan L. Flechter  
Acting Director



OTS Order No. AP 94-40, dated August 29, 1994 ("Notice of Charges"). The Notice of Charges is incorporated herein by this reference as if fully set forth.

Without admitting or denying the statements and conclusions of the OTS, HOOPER desires to settle the administrative proceedings and to avoid the time and expense of such administrative litigation. HOOPER hereby stipulates and agrees to the following terms in consideration of the dismissal by the OTS of the Notice of Charges, and the further agreement of the OTS to forbear from initiating any other civil or administrative proceeding against HOOPER arising out of HOOPER's actions, known or discovered by the OTS prior to the issuance of the attached Order of Prohibition, Assessment of Civil Money Penalty and Order to Cease and Desist for Affirmative Relief ("Order").

HOOPER, without trial or findings of fact pursuant to an administrative hearing, has consented to the terms of this Stipulation and Consent to Entry of Order of Prohibition, Assessment of Civil Money Penalty and Order to Cease and Desist for Affirmative Relief ("Consent").

The OTS has determined that it is appropriate, and in the best interest of the public, to execute this Consent and the attached Order. The OTS determination is based upon available evidence and testimony and, in part, is based in reliance upon the Statements of Financial Affairs dated July 15, 1993 and February 17, 1994 and filed by HOOPER under penalty of perjury in the U.S. Bankruptcy Court for the Eastern District of Virginia,

which reflect HOOPER's negative net worth. The OTS has further determined that there is sufficient evidence, in its opinion, to prove the allegations of the Notice of Charges filed against HOOPER.

This Consent and the Order do compromise, settle, dismiss, and resolve the Notice of Charges, but do not in any way affect any actions, charges against, or liability of HOOPER (including any that may arise pursuant to the Notice of Charges or otherwise), that may be or have been brought by the Resolution Trust Corporation or any other governmental entity other than the OTS. By signing this document, HOOPER agrees that he will not assert the payment or other relief agreed to herein constitutes a 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.

2. Jurisdiction.

(a) FIRST FEDERAL is a "savings association" as defined by Section 3(b) of the FDIA, 12 U.S.C. § 1813(b) and Section 2(4) of the HOLA, 12 U.S.C. § 1462(4). Accordingly, it is an "insured depository institution" as defined in Section 3(c) of the FDIA, 12 U.S.C. § 1813(c).

(b) The OTS is the "appropriate Federal banking agency" with supervisory and regulatory jurisdiction over FIRST FEDERAL and its institution-affiliated parties. 12 U.S.C. § 1813(q).

(c) At all times relevant to the charges herein,

HOOPER controlled over 10% of the outstanding stock of FIRST FEDERAL and was a controlling stockholder of FIRST FEDERAL and thus an "institution-affiliated party" within the meaning of FDIA Section 3(u), 12 U.S.C. § 1813(u). Therefore, HOOPER is subject to the authority of the OTS to initiate and maintain prohibition, civil money penalty and cease and desist proceedings against him, pursuant to Sections 8(b), (e) and (i) of the FDIA, 12 U.S.C. § 1818(b), (e) and (i).

3. Application of Payments. HOOPER shall pay \$100,000 in restitution, civil money penalty and costs. Payment made to the OTS by HOOPER, in the amount of \$80,000, pursuant to the Order, shall be applied as follows:

(a) \$70,000 will be applied by the OTS as restitution to FIRST FEDERAL for the transactions described in the Notice of Charges and

(b) \$10,000 will be applied by the OTS to its investigation and litigation expenses.

Pursuant to the Order, HOOPER shall also pay a civil money penalty in the amount of \$20,000 in the form of a check, made payable to the Treasurer of the United States.

4. Consent. Without admitting or denying the allegations set forth in the Notice of Charges, HOOPER consents to the issuance by the OTS of the Order, a copy of which is attached hereto. HOOPER further agrees to comply with the terms of the Order upon issuance and stipulates that the Order complies with all the requirements of Sections 8(b), (e) and (i) of the FDIA,

12 U.S.C. § 1818(b), (e) and (i).

5. Finality. The Order is issued under Sections 8(b), (e) and (i) of the FDIA, 12 U.S.C. § 1818(b), (e) and (i). Upon its issuance, 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), and subject to the provisions of Section 8(j) of the FDIA, 12 U.S.C. § 1818(j).

6. Waivers. HOOPER waives his right to the administrative hearing provided by Section 8(b), (e) and (i) of the FDIA, 12 U.S.C. § 1818(b), (e) and (i), and further waives 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. HOOPER waives any claim for attorney's fees or expenses under the Equal Access to Justice Act, 5 U.S.C. § 504.

In any bankruptcy proceeding in which it is or may be contended that HOOPER's obligation to pay restitution, costs or a civil money penalty pursuant to the Consent and the Order is subject to discharge, HOOPER will in no manner contest OTS's assertions, under 11 U.S.C. § 523(a)(7) and (11), or otherwise, that the obligation is for and the Order arises out of, acts that result in claims not dischargeable in bankruptcy under any circumstances, pursuant to any of the provisions of the United States Bankruptcy Code.

HOOPER further acknowledges and agrees that his obligations pursuant to the Order are not dischargeable under 11 U.S.C.

§§ 727, 1141, 1228 or 1328(b), and waives any right to seek discharge of such obligations through bankruptcy protection.

WHEREFORE, in consideration of the foregoing, the OTS by and through its Acting Director and Eugene N. Hooper execute this Stipulation and Consent to Entry of an Order of Prohibition, Assessment of Civil Money Penalty and Order to Cease and Desist for Affirmative Relief.

OFFICE OF THRIFT SUPERVISION

By: Jonathan L. Fiechter  
Jonathan L. Fiechter  
Acting Director

Date: Sept 27, 1994

Eugene N. Hooper  
Eugene N. Hooper

Dated: 9/23/94