

Press Releases

February 23, 1996

OTS 96-12 - Prohibition Restitution and Disbarment of Ohio Attorney

Office of Thrift Supervision

News Release

FOR RELEASE at 4:15 p.m. EST

For further information

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Contact: Thomas P. Mason

OTS 96-12

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OTS SEEKS PROHIBITION, RESTITUTION AND DISBARMENT OF OHIO ATTORNEY

WASHINGTON, D.C., Feb. 23, 1996 -- The Office of Thrift Supervision (OTS) took action today against the former general counsel of an Ohio thrift, seeking his prohibition from banking, disbarment from practice before the agency, and an unspecified amount of restitution. The notice of charges was served on Clark W. Wideman, former officer and general counsel of Jefferson Savings Bank, West Jefferson, Ohio. The action in no way affects the operations of the thrift, which remains open for business and with deposits insured by the Savings Association Insurance Fund (SAIF).

OTS charged Wideman with breach of fiduciary duty, unsafe and unsound practices, violations of a number of regulations, and violation of a written condition imposed in connection with the granting of an application by the agency.

OTS said the charges stemmed from actions taken by Wideman, as Jefferson's general counsel, in connection with a change of control application. The change of control application included a three-year business plan for the thrift, prepared by Wideman, that projected no growth for the thrift and no acquisition of real estate. Yet, OTS charged, Wideman actually knew, when the plan was submitted to OTS for approval, that a strategy of growth and land acquisition was contemplated.

The application, including the constraining business plan, was approved by the regulator with a provision that any deviations from the plan would require prior notice to and approval by the regulator.

Notwithstanding these requirements, OTS said, subsequent to the change in control, Jefferson embarked on a program of land acquisition without prior notification to or approval by the regulator. Two of the land deals Jefferson undertook resulted in losses of more than \$3 million, OTS charged.

Among the other allegations, OTS said Wideman failed to advise directors of Jefferson, when they considered the land acquisitions, that they had a legal obligation to obtain the prior approval of the regulator for the purchases. OTS said Wideman told the directors they had no legal obligation to abide by the conditions of the approved change of control application. Nor did Wideman advise OTS of the transactions, although he knew the agency had voiced concerns about whether the thrift was acting in compliance with its business plan. OTS also charged that Wideman directed preparation of documents to conceal potential regulatory violations.

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The Office of Thrift Supervision (OTS), a bureau of the U.S. Treasury, regulates and supervises the nation's thrift industry. OTS' mission is to ensure the safety and soundness of thrift institutions and to support their role as home mortgage lenders and providers of other community credit and financial services. For copies of news releases or other documents call PubliFax at 202/906-5660, or visit the OTS web page at www.ots.treas.gov.