

Press Releases

February 10, 1999

OTS 99-09 - Former Texas Thrift Officials Settle OTS Charges; Hurwitz Hearing Resumes

Office of Thrift Supervision

News Release

FOR RELEASE at 1:30 P.M. EST

For further information

Wednesday, February 10, 1999

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OTS-99-09

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Former Texas Thrift Officials Settle OTS Charges; Hurwitz Hearing Resumes

WASHINGTON, D.C., Feb. 10, 1999 - Five former directors and officers of failed United Savings Association of Texas (USAT) settled charges brought against them by the Office of Thrift Supervision (OTS), ending their involvement in an enforcement case in which Charles Hurwitz and two companies he controls -MAXXAM Inc., and Federated Development Co. - also are respondents.

The five officials - Barry A. Munitz, Jenard M. Gross, Arthur S. Berner, Ronald Huebsch and Michael Crow - without admitting or denying the charges, agreed to a cease-and-desist order that imposes restrictions on any future affiliation they may have with a federally insured depository institution. They further agreed to pay restitution totaling \$1,030,000.

The settlement leaves Hurwitz as the only individual respondent in the case, along with his two companies. A hearing in the case resumes February 10 in Houston before Administrative Law Judge Arthur L. Shipe. The hearing originally began Sept. 22, 1997, and recessed twice since then, the last time in October 1998. OTS filed the charges on Dec. 26, 1995, and is seeking the prohibition of Hurwitz and restitution from him and his companies.

OTS said it agreed to the settlement because the cease-and-desist order precludes the five respondents in the future from participating in the kinds of activities that brought about the OTS charges. The agency also said the restitution is suitable in view of their individual financial condition.

In addition to cease and desist provisions requiring them not to engage in any unsafe or unsound practice or breach of fiduciary duty, the five must not participate in decisions on compensation plans of officials and employees at an institution, the purchase or sale of mortgage backed securities, any investment decisions, or the filing of any application or report

with a federal regulator. Further, Munitz, Gross and Crow will not be allowed to participate in commercial real estate loan or investment activities, Berner will not be able to provide legal advice on thrift regulatory matters to an institution or its employees, and Crow may not serve as a chief financial officer of an insured depository institution.

The enforcement case involves allegations of violations of minimum capital requirements and transactions with affiliates laws, unsafe and unsound real estate lending and compensation practices, making false statements concerning control and unsafe and unsound trading in securities.

The thrift failed on Dec. 30, 1988, at a cost to the federal deposit insurance fund of more than \$1.6 billion.

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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 <http://www.ots.treas.gov>.