

[{{3-31-94 p.C-290}}](#)

[¶10,058] **In the Matter of Fred Schamburg and Richard Dibler, Institution-affiliated parties of Bank of Hydro, Hydro, Oklahoma, Docket No. FDIC-90-48b (3-27-90).**

Respondents to cease and desist from engaging in practices such as engaging in hazardous lending and ineffective and lax collection practices; extending credit that is inadequately secured and that lacks adequate supporting documentation; refinancing credits to parties in weak financial positions without improving collateral or establishing structured repayment programs; and violating applicable federal laws. *(This order was terminated as to Fred Schamburg only by order of the FDIC dated 1-25-95; see ¶ 15,794.)*

[\[.1\]](#) **Loans—Extensions of Credit—Curtail**

[\[.2\]](#) **Definition—"Family Member"**

**In the Matter of
FRED SCHAMBURG and RICHARD
DIBLER,
institution-affiliated parties of
BANK OF HYDRO
HYDRO, OKLAHOMA
(Insured State Nonmember Bank)
ORDER TO CEASE AND DESIST**

Richard Dibler and Fred Schamburg, ("Respondents"), institution-affiliated parties of Bank of Hydro, Hydro, Oklahoma, ("Bank"), having been advised of their right to the issuance and service of a NOTICE OF CHARGES AND OF HEARING detailing the unsafe or unsound banking practices and violations of law and/or regulations alleged to have been committed by them and of their rights to hearings on the alleged charges under section 8(b) of the Federal Deposit Insurance Act ("Act"), 12 U.S.C. § 1818(b), and each having waived those rights, have entered into a STIPULATION AND CONSENT TO THE IS- [{{7-31-91 p.C-291}}](#)SUANCE OF AN ORDER TO CEASE AND DESIST ("CONSENT AGREEMENT") with counsel for the Federal Deposit Insurance Corporation ("FDIC") dated March 27, 1990, whereby solely for the purpose of this proceeding and without admitting or denying the alleged charges of unsafe or unsound banking practices and violations of law and/or regulations, Respondents consented to the issuance of an ORDER TO CEASE AND DESIST ("ORDER") by the FDIC.

The FDIC considered the matter and determined that it had reason to believe that the Respondents had engaged in unsafe or unsound banking practices and had violated laws and/or regulations. The FDIC, therefore, accepted the CONSENT AGREEMENT and issued the following:

ORDER TO CEASE AND DESIST

IT IS ORDERED, that the Respondents, cease and desist from the following unsafe or unsound banking practices and violations of law and/or regulations.

(a) Engaging in hazardous lending and ineffective and lax collection practices by extending or permitting the extension of credit to any institution-affiliated party, executive officer, director, principal shareholder, or affiliate, or related interest, of any of the same, on terms more favorable than those offered others not affiliated with, related to, or employed by the Bank, or making extensions of credit to any of the foregoing where there is a greater risk of loss than in extensions of credit made to persons not affiliated with, related to, or employed by the Bank;

(b) Extending credit which is inadequately secured and without adequate and appropriate supporting documentation to any executive officer, director, principal shareholder, institution-affiliated party, and affiliate, or related interest, of any of the foregoing;

(c) Refinancing credits to any executive officer, director, principal shareholder, institution-affiliated party, any affiliate or related interest of the same, in weak financial positions without improving collateral margins or establishing structured repayment programs;

(d) Operating the Bank in violation of sections 23A and 22(h) of the Federal Reserve Act, 12 U.S.C. §§371c, 375b, and Federal Reserve Regulation O, 12 C.F.R. Part 215 as made applicable to insured state nonmember institutions by applicable statutes and regulations.

IT IS FURTHER ORDERED, that the Respondents, take affirmative action as follows:

[.1] (a) Respondents shall not make, prepare, participate in, approve, any loan and/or extension of credit, directly or indirectly, to any executive officer, director and/or principal shareholder of the Bank, as those terms are defined by Federal Reserve Regulation O, 12 C.F.R. Part 215, and/or by sections 23A and 22(h) of the Federal Reserve Act, 12 U.S.C. §§371c, 365b.

[.2] (b) Respondents shall not make, prepare, participate in, approve, or otherwise cause any loan and/or extension of credit, directly or indirectly to any family member,¹ of any executive officer, director, or principal shareholder of the Bank, or to any related interest of such family member wherein the person owns 10% or more of such a business or other entity, or any of the foregoing entities or interests as those interests are defined by Federal Regulation O, 12 C.F.R. Part 215, or section 23A.

(c) Respondents shall not make, prepare, participate in, approve, or otherwise cause to be made, any loan and/or extension of credit, directly or indirectly to any related interest of any executive officer, director, principal shareholder, or any affiliate or deemed affiliate of the Bank, owned or controlled by any of the foregoing persons. The foregoing terms are as defined in sections 23A and 22(h) of the Federal Reserve Act, 12 U.S.C. §§371c, 375b, and in Federal reserve Regulation O, 12 C.F.R. Part 215.

The effective date of this ORDER shall be 10 days after the date of its issuance. This ORDER shall be binding upon the Respondents, their related interests, and the Bank's affiliates through Respondents' ownership and/or control.

For the purpose of this Order, "family member" shall mean the spouse of an individual, the children of an individual whether they are adults or minors, and whether or not they reside with the individual, mother, father, step-parents, brothers, step-brothers, sisters, step-sisters, aunts or uncles, whether by blood or marriage, or other persons with whom an individual has a familial relationship.

{{7-31-91 p.C-292}}

This ORDER shall remain effective and enforceable except to the extent that, and until such time as, any provisions of this ORDER shall have been modified, terminated, suspended, or set aside by the FDIC.

Pursuant to delegated authority.

Dated at Dallas, Texas, this 27th day of March, 1990.