FEDERAL DEPOSIT INSURANCE CORPORATION

WASHINGTON, D.C.

In the Matter of MICHELLE D. CHAVEZ, individually, and as an institution-affiliated party of DESERT HILLS BANK PHOENIX, ARIZONA (Insured State Nonmember Bank)	STIPULATION AND CONSENT TO THE ISSUANCE OF AN ORDER OF PROHIBITION FROM FURTHER PARTICIPATION FDIC-05-058e

Subject to the acceptance of this STIPULATION AND CONSENT TO THE ISSUANCE OF AN ORDER OF PROHIBITION FROM FURTHER PARTICIPATION ("CONSENT AGREEMENT") by the Federal Deposit Insurance Corporation ("FDIC"), it is hereby stipulated and agreed by and between a representative of the Legal Division of the FDIC and Michelle D. Chavez ("Respondent") as follows:

1. The Respondent has been advised of the right to receive a NOTICE OF INTENTION TO PROHIBIT FROM FURTHER PARTICIPATION ("NOTICE") detailing the violations of law or regulation, unsafe or unsound banking practices, or breaches of fiduciary duty for which an ORDER OF PROHIBITION FROM FURTHER PARTICIPATION ("ORDER OF PROHIBITION") may issue. The Respondent has been further advised of the right to a hearing on the charges under section 8(e) of the Federal Deposit Insurance Act ("Act"), 12 U.S.C. § 1818(e), and the FDIC Rules of Practice and Procedure, 12 C.F.R.

Part 308.

2. The Respondent, solely for the purpose of this proceeding, and without admitting or denying any violations, unsafe or unsound banking practices, or breaches of fiduciary duty, hereby consents to the issuance of an ORDER OF PROHIBITION by the FDIC.

3. The Respondent further stipulates and agrees that such ORDER shall become effective immediately upon issuance by the FDIC. Thereafter, subject only to the conditions set forth in paragraph 4 of this CONSENT AGREEMENT, the ORDER OF PROHIBITION shall be fully enforceable pursuant to the provisions of section 8(i) of the Act, 12 U.S.C. § 1818(i). Any violation of the ORDER OF PROHIBITION could also subject the Respondent to the penalties set forth under section 8(j) of the Act, 12 U.S.C. § 1818(j).

4. In the event the FDIC accepts this CONSENT AGREEMENT and issues the ORDER OF PROHIBITION, it is agreed that no action will be taken by the FDIC to enforce said ORDER unless the FDIC has reason to believe that the Respondent has violated or is about to violate any of its provisions.

5. In the event the FDIC accepts the CONSENT AGREEMENT and issues the ORDER OF PROHIBITION, the Respondent hereby waives:

(a) The receipt of a NOTICE;

(b) All defenses to the allegations to be set forth in the NOTICE;

(c) A hearing conducted for the purpose of taking evidence on the allegations to be set forth in the NOTICE;

(d) The filing of proposed findings of fact and conclusions of law;

(e) The issuance of a recommended decision by an Administrative Law Judge in this matter; and

(f) The filing of exceptions and briefs with respect to such recommended decision.

Dated this 6th day of November, 2006.

FEDERAL DEPOSIT INSURANCE CORPORATION
LEGAL DIVISION
By:

Christine C. A. Tullio
Senior Regional Attorney

RESPONDENT

Michelle D. Chavez
Respondent

FEDERAL DEPOSIT INSURANCE CORPORATION

WASHINGTON, D.C.

In the Matter of MICHELLE D. CHAVEZ, individually, and as an institution-affiliated party of DESERT HILLS BANK PHOENIX, ARIZONA (Insured State Nonmember Bank)	ORDER OF PROHIBITION FROM FURTHER PARTICIPATION FDIC-05-058e

MICHELLE D. CHAVEZ ("Respondent") has been advised of the right to receive a NOTICE OF INTENTION TO PROHIBIT FROM FURTHER PARTICIPATION ("NOTICE") issued by the Federal Deposit Insurance Corporation ("FDIC") detailing the violations of law or regulation, unsafe or unsound banking practices, and/or breaches of fiduciary duty for which an ORDER OF PROHIBITION FROM FURTHER PARTICIPATION ("ORDER") may issue, and has been further advised of the right to a hearing on the alleged charges under section 8(e) of the Federal Deposit Insurance Act ("Act"), 12 U.S.C. § 1818(e), and the FDIC's Rules of Practice and Procedure, 12 C.F.R. Part 308. Having waived those rights, the Respondent entered into a STIPULATION AND CONSENT TO THE ISSUANCE OF AN ORDER OF PROHIBITION FROM FURTHER PARTICIPATION ("CONSENT AGREEMENT") with a representative of the Legal Division of the FDIC, whereby solely for the purpose of this proceeding and

without admitting or denying any violations, unsafe or unsound banking practices, and/or breaches of fiduciary duty, Respondent consented to the issuance of an ORDER by the FDIC.

The FDIC considered the matter and determined it had reason to believe that:

(a) The Respondent has engaged or participated in violations of law or regulation, unsafe or unsound banking practices, and/or breaches of fiduciary duty as an institution-affiliated party of DESERT HILLS BANK, PHOENIX, ARIZONA ("Bank");

(b) By reason of such violations, unsafe or unsound banking practices, and/or breaches of fiduciary duty, the Bank has suffered or will probably suffer financial loss or other damage, the interests of the Bank's depositors have been or could be prejudiced, and/or the Respondent received financial gain or other benefit; and

(c) Such violations, practices, and/or breaches of fiduciary duty involve personal dishonesty on the part of the Respondent or demonstrate the Respondent's willful or continuing disregard for the safety or soundness of the Bank.

The FDIC further determined that such violations, practices, and/or breaches of fiduciary duty demonstrate the Respondent's unfitness to serve as a director, officer, person participating in the conduct of the affairs or as an institution-affiliated party of the Bank, any other insured depository institution, or

any other agency or organization enumerated in section 8(e)(7)(A) of the Act, 12 U.S.C. § 1818(e)(7)(A).

The FDIC, therefore, accepts the CONSENT AGREEMENT and issues the following:

ORDER OF PROHIBITION FROM FURTHER PARTICIPATION

1. MICHELLE D. CHAVEZ is hereby, without the prior written consent of the FDIC and the appropriate Federal financial institutions regulatory agency, as that term is defined in section 8(e)(7)(D) of the Act, 12 U.S.C. § 1818(e)(7)(D), prohibited from:

(a) participating in any manner in the conduct of the affairs of any financial institution or organization enumerated in section 8(e)(7)(A) of the Act, 12 U.S.C. § 1818(e)(7)(A);

(b) soliciting, procuring, transferring, attempting to transfer, voting, or attempting to vote any proxy, consent or authorization with respect to any voting rights in any financial institution enumerated in section 8(e)(7)(A) of the Act, 12 U.S.C. § 1818(e)(7)(A);

(c) violating any voting agreement previously approved by the appropriate Federal banking agency; and

(d) voting for a director, or serving or acting as an institution-affiliated party.

2. This ORDER will become effective immediately upon its issuance by the FDIC, and will remain effective and enforceable

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

Pursuant to delegated authority.

Dated this 14th day of December, 2006.

Lisa K. Roy
Associate Director
Division of Supervision
and Consumer Protection