

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

SCHEDULE 13D

Under the Securities Exchange Act of 1934  
(Amendment No. 4)\*

Citadel Holding Corporation

---

(Name of Issuer)

Common Stock, No Par Value

---

(Title of Class of Securities)

172862104

---

(CUSIP Number)

Randall J. Demyan,  
Dillon Capital Management,  
21 East State Street, Suite 1410  
Columbus, Ohio 43215  
(614) 222-4204

---

(Name, Address and Telephone Number of Person  
Authorized to Receive Notices and Communications)

November 7, 1994

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(Date of Event which Requires Filing of this Statement)

If the filing person has previously filed a statement on Schedule 13G to report the acquisition which is the subject of this Schedule 13D, and is filing this schedule because of Rule 13d-1(b)(3) or (4), check the following box.

\_\_\_\_\_

\_\_\_\_\_

Check the following box if a fee is being paid with the statement .  
(A fee is not required only if the reporting person: (1) has a previous statement on file reporting beneficial ownership of more than five percent of the class of securities described in Item 1; and (2) has filed no amendment subsequent thereto reporting beneficial ownership of five percent or less of such class.) (See Rule 13d-7.)

Note: Six copies of this statement, including all exhibits, should be filed with the Commission. See Rule 13d-1(a) for other parties to whom copies are to be sent.

\*The remainder of this cover page shall be filled out for a reporting person's initial filing on this form with respect to the subject class of securities, and for any subsequent amendment containing information which would alter disclosures provided in a prior cover page.

The information required on the remainder of this cover page shall not be deemed to be "filed" for the purpose of Section 18 of the Securities Exchange Act of 1934 ("Act") or otherwise subject to the liabilities of that section of the Act but shall be subject to all other provisions of the Act (however, see the Notes).

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SCHEDULE 13D

CUSIP NO. 172862104

Page 2 of 20 Pages

1. NAME OF REPORTING PERSON  
S.S. OR I.R.S. IDENTIFICATION NO. OF ABOVE PERSON:

2. CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP\*:

a.  b.

3. SEC USE ONLY:

4. SOURCE OF FUNDS\*:

WC

5. CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(d) or 2(e):

\_\_\_\_\_

6. CITIZENSHIP OR PLACE OF ORGANIZATION:

Delaware

NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH:

- 7. SOLE VOTING POWER: 647,000
- 8. SHARED VOTING POWER: None
- 9. SOLE DISPOSITIVE POWER: 647,000
- 10. SHARED DISPOSITIVE POWER: None

11. AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON:

647,000

12. CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES\*:

\_\_\_\_\_

13. PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11):

9.70%

14. TYPE OF REPORTING PERSON\*:

PN

\*SEE INSTRUCTIONS BEFORE FILLING OUT!

INCLUDE BOTH SIDES OF THE COVER PAGE, RESPONSES TO ITEMS 1-7 (INCLUDING EXHIBITS) OF THE SCHEDULE, AND THE SIGNATURE ATTESTATION.

SCHEDULE 13D

CUSIP NO. 172862104

Page 3 of 20 Pages

1. NAME OF REPORTING PERSON  
S.S. OR I.R.S. IDENTIFICATION NO. OF ABOVE PERSON:

Roderick H. Dillon, Jr.

2. CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP\*:

a.  b.

3. SEC USE ONLY:

4. SOURCE OF FUNDS\*:

PF

5. CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(d) or 2(e):

\_\_\_\_\_

6. CITIZENSHIP OR PLACE OF ORGANIZATION:

U.S.A.

NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH:

- 7. SOLE VOTING POWER: 5,000
- 8. SHARED VOTING POWER: None
- 9. SOLE DISPOSITIVE POWER: 5,000
- 10. SHARED DISPOSITIVE POWER:None

11. AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON:

5,000

12. CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES\*:

\_\_\_\_\_

13. PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11):

.075%

14. TYPE OF REPORTING PERSON\*:

IN

\*SEE INSTRUCTIONS BEFORE FILLING OUT!

INCLUDE BOTH SIDES OF THE COVER PAGE, RESPONSES TO ITEMS 1-7 (INCLUDING EXHIBITS) OF THE SCHEDULE, AND THE SIGNATURE ATTESTATION. SCHEDULE 13D

CUSIP NO. 172862104

Page 4 of 20 Pages

1. NAME OF REPORTING PERSON  
S.S. OR I.R.S. IDENTIFICATION NO. OF ABOVE PERSON:

Roderick H. Dillon, Jr. - IRA

2. CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP\*:

a.  b. \_\_\_\_\_

3. SEC USE ONLY:

4. SOURCE OF FUNDS\*:

PF

5. CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(d) or 2(e):

\_\_\_\_\_

6. CITIZENSHIP OR PLACE OF ORGANIZATION:

U.S.A.

NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH:

- 7. SOLE VOTING POWER: 5,000
- 8. SHARED VOTING POWER: None
- 9. SOLE DISPOSITIVE POWER: 5,000
- 10. SHARED DISPOSITIVE POWER:None

11. AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON:

5,000

12. CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES\*:

\_\_\_\_\_

13. PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11):

.075%

14. TYPE OF REPORTING PERSON\*:

IN

\*SEE INSTRUCTIONS BEFORE FILLING OUT!

INCLUDE BOTH SIDES OF THE COVER PAGE, RESPONSES TO ITEMS 1-7 (INCLUDING EXHIBITS) OF THE SCHEDULE, AND THE SIGNATURE ATTESTATION. SCHEDULE 13D

CUSIP NO. 172862104

Page 5 of 20 Pages

1. NAME OF REPORTING PERSON  
S.S. OR I.R.S. IDENTIFICATION NO. OF ABOVE PERSON:

Roderick H. Dillon, Jr. Foundation

2. CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP\*:

a.  b.

3. SEC USE ONLY:

4. SOURCE OF FUNDS\*:

WC

5. CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(d) or 2(e):

\_\_\_\_\_

6. CITIZENSHIP OR PLACE OF ORGANIZATION:

Ohio

NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH:

- 7. SOLE VOTING POWER: 2,000
- 8. SHARED VOTING POWER: None
- 9. SOLE DISPOSITIVE POWER: 2,000
- 10. SHARED DISPOSITIVE POWER: None

11. AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON:

2,000

12. CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES\*:

\_\_\_\_\_

13. PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11):

.030%

14. TYPE OF REPORTING PERSON\*:

00

\*SEE INSTRUCTIONS BEFORE FILLING OUT!

INCLUDE BOTH SIDES OF THE COVER PAGE, RESPONSES TO ITEMS 1-7 (INCLUDING EXHIBITS) OF THE SCHEDULE, AND THE SIGNATURE ATTESTATION. SCHEDULE 13D

CUSIP NO. 172862104

Page 6 of 20 Pages

1. NAME OF REPORTING PERSON

S.S. OR I.R.S. IDENTIFICATION NO. OF ABOVE PERSON:

Bradley C. Shoup - IRA

2. CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP\*:

a.

b.

3. SEC USE ONLY:

4. SOURCE OF FUNDS\*:

PF

5. CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(d) or 2(e):

6. CITIZENSHIP OR PLACE OF ORGANIZATION:

United States of America

NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH:

7. SOLE VOTING POWER: 2,000

8. SHARED VOTING POWER: None

9. SOLE DISPOSITIVE POWER: 2,000

10. SHARED DISPOSITIVE POWER: None

11. AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON:

2,000

12. CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES\*:

13. PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11):

.030%

14. TYPE OF REPORTING PERSON\*:

IN

\*SEE INSTRUCTIONS BEFORE FILLING OUT!

INCLUDE BOTH SIDES OF THE COVER PAGE, RESPONSES TO ITEMS 1-7 (INCLUDING EXHIBITS) OF THE SCHEDULE, AND THE SIGNATURE ATTESTATION.

Supplement to Amendment No. 4 to Schedule 13D

Issuer - Citadel Holding Corporation

Reporting Persons - Dillon Investors, L.P., Roderick H. Dillon, Jr., Roderick H. Dillon, Jr. - IRA, Roderick H. Dillon, Jr. Foundation and Bradley C. Shoup - IRA.

Item 1. Security and Issuer

This Amendment No. 4 to the Schedule 13D filed by the reporting persons Dillon Investors, L.P. ("DI"), Roderick H. Dillon, Jr. ("RHD"), Roderick H. Dillon, Jr.-IRA ("RHD-IRA") and Roderick H. Dillon, Jr. Foundation ("RHD-Foundation")(collectively, the "Dillon Entities"), on March 18, 1994, with the Securities and Exchange Commission (the "SEC") relates to the common stock, without par value ("Common Stock"), of Citadel Holding Corporation, a Delaware corporation (the "Issuer"). The principal executive offices of the Issuer are located at 700 North Central, Suite 500, Glendale, California 91203. This Amendment No. 4 amends certain information set forth in the Schedule 13D, as amended by Amendment No. 1 filed on September 9, 1994 ("Amendment No. 1"), Amendment No. 2 filed on October 17, 1994 ("Amendment No. 2") and Amendment No. 3 filed on November 4, 1994 ("Amendment No. 3").

Item 2. Identity and Background

The persons filing this Amendment No. 4 (the "Reporting Persons") are DI, RHD, RHD-IRA, RHD-Foundation and Bradley C. Shoup - IRA ("Shoup - IRA").

DI is a Delaware limited partnership. Its principal business is that of a private investment partnership engaging in the purchase and sale of securities for its own account and its address is Suite 1410, 21 East State Street, Columbus, Ohio 43215-4228. The sole general partner of DI is Roderick H. Dillon, Jr.

RHD is an individual investor and is employed as chief investment officer with Dillon Capital Management Limited Partnership, an investment advisory and management firm. His business address is Suite 1410, 21 East State Street, Columbus, Ohio 43215-4228. Roderick H. Dillon, Jr. is the sole beneficiary of RHD-IRA. Roderick H. Dillon, Jr. is the sole trustee of RHD-Foundation. The principal business of RHD-Foundation is that of a charitable foundation, and RHD-Foundation is located at Suite 1410, 21 East State Street, Columbus, Ohio 43215-4228.

Bradley C. Shoup ("Shoup") is a partner in Batchelder & Partners, Inc., a financial advisory firm. His business address is 4180 LaJolla Village Drive, Suite 560, LaJolla, California 92037. Shoup is the sole beneficiary of Shoup - IRA.

During the last five years, none of the Reporting Persons has been convicted in a criminal proceeding (excluding traffic violations or similar misdemeanors).

During the last five years, none of the Reporting Persons has been a party to a civil proceeding of a judicial or administrative body of competent jurisdiction and none was or is subject to a judgment, decree or final order enjoining future violations of, or prohibiting or mandating activities subject to, federal or state securities laws, or finding any violations with respect to such laws.

#### Item 4. Purpose of Transaction

As previously stated in Amendment No. 3, the Dillon Entities have determined to solicit proxies from the stockholders of the Issuer for election at the Issuer's annual meeting of stockholders scheduled to be held December 12, 1994 (the "1994 Annual Meeting") of the following slate of directors in opposition to that expected to be nominated by the Board of Directors of the Issuer: RHD, Shoup, Ralph V. Whitworth, Jordan M. Spiegel and Timothy M. Kelley (collectively, the "Dillon Nominees"). On November 8, 1994, DI filed preliminary proxy materials with the SEC to solicit proxies for the election of the Dillon Nominees and to oppose a proposed amendment to the Issuer's Restated Certificate of Incorporation to double the number of authorized shares of Common Stock. As previously stated, if elected, it is the intention of the Dillon Nominees to propose, subject to their fiduciary duties, that the Issuer effect a pro rata distribution to the Issuer's stockholders of the common stock of Fidelity Federal Bank, a Federal Savings Bank, held by the Issuer and thereafter promptly dissolve and liquidate the remaining assets of the Issuer at the best price available.

On November 4, 1994, the Board of Directors of the Issuer issued a press release announcing that the record date for the determination of stockholders of the Issuer entitled to receive notice of, and to vote at, the 1994 Annual Meeting (the "Record Date") had been postponed from November 4, 1994 to November 11, 1994. On November 7, 1994, DI commenced an action in the Court of Chancery of the State of Delaware in and for New Castle County against the Issuer, its directors James J. Cotter, Steve Wesson, Peter W. Geiger, S. Craig Tompkins and Alfred Villasenor, Jr. (the "Individual Defendants") and Craig Corporation ("Craig") alleging that the attempt by the Board of Directors of the Issuer to change the record date was not for a proper corporate or business purpose of the Issuer but to enable the Individual Defendants to perpetuate themselves in office by improperly manipulating the corporate machinery of the Issuer so as to permit them to issue additional shares of Common Stock to Craig or other "friendly hands" prior to the new record date and, in addition, alleging that the Issuer's issuance of 74,300 shares (the "Entrenchment Shares") of Common stock to Craig on October 21, 1994 was done for inadequate consideration and not for a proper business purpose of the Issuer but rather to enable the Individual Defendants to maintain themselves in office and to affect adversely and to impede the voting rights of DI and the other stockholders of the Issuer. The complaint seeks an order declaring that the Entrenchment Shares have been improperly issued and enjoining Craig from voting such shares or counting such shares towards a quorum at the 1994 Annual Meeting, determining that any shares issued by the Issuer after November 4, 1994 shall not be voted or counted towards a quorum at the 1994 Annual Meeting, and preliminarily and permanently enjoining the Individual Defendants and the Issuer from issuing any shares of stock of the Issuer prior to the 1994 Annual Meeting. A copy of the complaint is attached

hereto as Exhibit B and is incorporated herein by reference.

In addition, on November 7, 1994, a Stockholder Consent in Lieu of Meeting (the "Consent") was executed on behalf of RHD in which RHD consented to (i) the removal of the current directors of the issuer and their replacement by the Dillon Nominees and (ii) the amendment of the Issuer's By-Laws to restrict the indemnification of (or the advancement of expenses to) the Issuer's officers, directors, employees and agents without the prior approval of the holders of a majority of the Common Stock outstanding. The Consent provides that such amendment to the Issuer's By-Laws may not be further amended without the approval of either the holders of a majority of the Common Stock outstanding or a majority of the Board of Directors of the Issuer who are not "Continuing Directors." Continuing Directors are defined for purposes of the Consent as (i) each member of the Board of Directors of the Issuer on November 4, 1994 and (ii) any member of the Board of Directors of the Issuer who was nominated for election or elected to such Board of Directors with the affirmative vote of the majority of the Continuing Directors who were members of such Board at the time of such nomination or election.

DI intends to proceed promptly with the proxy solicitation referred to above. RHD has informed the Issuer that the Dillon Entities will not proceed with the consent solicitation referred to above until after the 1994 Annual Meeting so long as the Issuer (i) has not previously issued any shares other than as have already been publicly disclosed prior to November 7, 1994, (ii) does not issue any additional shares prior to the 1994 Annual Meeting and (iii) holds and completes the 1994 Annual Meeting on December 12, 1994.

Item 5. Interest in Securities of the Issuer

(a)(b) As of the date of this Amendment No. 4, DI, RHD, RHD-IRA, RHD-Foundation and Shoup - IRA owned beneficially 647,000, 5,000, 5,000, 2,000 and 2,000 shares of the Issuer's Common Stock, respectively. The shares of the Issuer's Common Stock owned beneficially by Shoup - IRA had been reported in Amendment No. 3 as owned beneficially by Shoup; however, such shares have always been owned by Shoup - IRA rather than by Shoup individually. Based on the number of shares of the Issuer's Common Stock outstanding on November 4, 1994 (6,669,924 shares), as reported in the preliminary copies of the Notice of Annual Meeting of Stockholders and Proxy Statement filed by the Issuer with the SEC on October 28, 1994, as of the date of this Amendment No. 4, DI, RHD, RHD-IRA, RHD-Foundation and Shoup - IRA owned beneficially approximately 9.70%, .075%, .075%, .030% and .030% of the Issuer's Common Stock, respectively. Each of DI, RHD, RHD-IRA, RHD-Foundation and Shoup - IRA exercises sole voting and investment power with respect to the shares of the Issuer beneficially owned by such person.

(c) None of the Reporting Persons has engaged in any transactions with respect to the shares of Common Stock of the Issuer within the past sixty (60) days.

Item 6. Contracts, Arrangements, Understandings or Relationships with Respect to Securities of the Issuer

See Item 4 above.

Item 7. Material to Be Filed as Exhibits

Exhibit A - Joint Filing Agreement, dated November 3, 1994, among the Reporting Persons. (Incorporated herein by reference to Exhibit A of Amendment No. 3 to Schedule 13D filed by the Reporting Persons on November 4, 1994).

Exhibit B - Complaint filed by DI on November 7, 1994 in the Court of Chancery of the State of Delaware in and for New Castle County in action captioned Dillon Investors, L.P. v. James J. Cotter, Steve Wesson, Peter W. Geiger, S. Craig Tompkins, Alfred Villasenor, Jr., Craig Corporation and Citadel Holding Corporation (Included beginning at page 12 of this Amendment No. 4 to Schedule 13D).

SIGNATURE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

Date: November 8, 1994

Dillon Investors, L.P.

By: /s/ Roderick H. Dillon, Jr.  
Roderick H. Dillon, Jr.,  
General Partner

Roderick H. Dillon, Jr.

By: /s/ Roderick H. Dillon, Jr.  
Roderick H. Dillon, Jr.

Roderick H. Dillon, Jr. - IRA

By: /s/ Roderick H. Dillon, Jr.  
Roderick H. Dillon, Jr.

Roderick H. Dillon, Jr. - Foundation

By: /s/ Roderick H. Dillon, Jr.  
Roderick H. Dillon, Jr.,  
Trustee

Bradley C. Shoup - IRA

By: /s/ Bradley C. Shoup  
Bradley C. Shoup



Exhibit B

Complaint filed by Dillon Investors, L.P. on November 7, 1994 in the Court of Chancery of the State of Delaware in and for New Castle County in action captioned Dillon Investors, L.P. v. James J. Cotter, Steve Wesson, Peter W. Geiger, S. Craig Tompkins, Alfred Villasenor, Jr., Craig Corporation and Citadel Holding Corporation.

IN THE COURT OF CHANCERY OF THE STATE OF DELAWARE

IN AND FOR NEW CASTLE COUNTY

DILLON INVESTORS, L.P.,	)	
	)	
Plaintiff,	)	
	)	
v.	)	C.A. No. _____
	)	
JAMES J. COTTER, STEVE WESSON,	)	
PETER W. GEIGER, S. CRAIG	)	
TOMPKINS, ALFRED VILLASENOR, JR.,	)	
CRAIG CORPORATION and CITADEL	)	
HOLDING CORPORATION,	)	
	)	
Defendants.	)	

COMPLAINT

For its complaint against the defendants, plaintiff Dillon Investors, L.P. ("Dillon L.P.") alleges as follows:

1. Dillon L.P. is a limited partnership formed under the laws of the State of Delaware and is the beneficial owner of 647,000 shares of the common stock of defendant Citadel Holding Corporation ("Citadel").
2. Citadel is a corporation organized under the laws of the State of Delaware. Citadel is the owner of more than 10% of the issued and outstanding shares of stock of Fidelity Federal Bank FSB ("Fidelity"), is a registered savings and loan holding company and is subject to the rules and regulations of the Office of Thrift Supervision ("OTS").
3. Defendant Craig Corporation ("Craig") is also a corporation organized under the laws of the State of Delaware. Craig purports to be the owner of more than 10% of the shares of the outstanding common stock of Citadel. Craig has extended a \$8.2 million line of credit to a wholly owned subsidiary of Citadel of which \$6.2 million has been drawn down and guaranteed by Citadel. Craig has admitted that under the regulations of the OTS, it controls Citadel.
4. Defendants James J. Cotter ("Cotter"), Steve Wesson ("Wesson"), Peter W. Geiger, S. Craig Tompkins ("Tompkins") and Alfred Villasenor, Jr. (collectively the "Individual Defendants") are the members of the board of directors of Citadel. Cotter is (a) the chairman of the board of directors of Citadel and (b) a principal stockholder of and a member of and the chairman of the board of directors of Craig. Tompkins is (a) the vice chairman of the board of directors, secretary/treasurer and principal accounting officer of Citadel and (b) a director of and president of Craig. Non-employee directors of Citadel receive \$10,000 per year for their attendance at regularly scheduled meetings of the board of directors, except for Cotter and Tompkins who will receive \$45,000 per year and \$25,000 per year respectively. Cotter received \$100,000 per year until some date subsequent to August 4, 1994. In addition, "it is contemplated" that Wesson (the President and CEO of Citadel) will be granted options to purchase an "estimated" 35,000 shares of common stock of Citadel.
5. By Amendment No. 1 to its Schedule 13D filed September 8, 1994, Dillon L.P., together with others, announced for the first time that it and the others had "begun to consider seeking a greater voice in the affairs of [Citadel]," that they "may consider seeking representation on the Board of Directors of [Citadel] in the future" and that they may suggest business strategies to Citadel.
6. By letter dated October 13, 1994 (the "October 13 letter"), Dillon L.P. requested that the Individual Defendants schedule an annual meeting for Citadel and recommended that the Individual Defendants distribute the shares of stock of Fidelity to the Citadel stockholders and liquidate the remaining Citadel assets in order to maximize stockholder value.
7. By Amendment No. 2 to its Schedule 13D filed October 17, 1994, Dillon L.P., together with others, disclosed the October 13 letter, and reiterated that they had "begun to consider seeking a greater voice in the affairs of [Citadel]" and announced that depending on Citadel's response to the October 13 letter, they "may consider seeking representation on the Board of Directors of [Citadel] in the future."
8. Subsequent to the receipt of the October 13 letter and the filing of

Amendment No. 2 to the Schedule 13D of Dillon L.P., the Individual Defendants scheduled the 1994 annual meeting for December 12, 1994 (the "1994 Citadel Annual Meeting"). The Individual Defendants declared November 4, 1994 as the record date for the 1994 Citadel Annual Meeting.

9. On October 21, 1994, the Individual Defendants issued 74,300 shares (the "Entrenchment Shares") of Citadel common stock to Craig. OTS approval for Craig to purchase in excess of 10% of the outstanding shares of common stock of Citadel was scheduled to expire on October 23, 1994. The Entrenchment Shares were issued for the lesser of the average trading prices (a) for 3 trading days preceding October 21 or (b) the 5 trading days after October 21. On October 24, 1994, Wesson stated that the issuance of the Entrenchment Shares "was important to our Board to preserve Craig as a potential source of future equity financing without the need to seek new OTS approval." (Emphasis supplied). Stated more succinctly, the Entrenchment Shares were issued to Craig so that future issuances to Craig could be accomplished without any regulatory delay. Craig has stated that in addition it would have been unwilling to file an agreement with the OTS to avoid delay since the agreement "would have substantially limited Craig's ability to exercise an influence over the business and affairs of" Citadel.

10. On November 4, 1994, Dillon L.P. amended its Schedule 13D and thereby indicated its intention (with others) to solicit proxies to elect its nominees as the board of directors of Citadel at the 1994 Citadel Annual Meeting. Should its nominees be elected, Dillon L.P. intends to implement (subject to the fiduciary duties of the directors) the changes it recommended in its October 13 letter and liquidate Citadel.

11. In apparent anticipation of the amended Schedule 13D, Citadel issued a press release on November 4, 1994, declaring that the Individual Defendants had "reset" the record date for the 1994 Citadel Annual Meeting to November 11, 1994.

12. Craig knowingly participated in the breaches of duty hereinafter alleged since two of its officers and directors, Cotter and Tompkins, participated actively in the wrongdoing.

#### FIRST CAUSE OF ACTION

13. Dillon L.P. realleges and restates paragraphs 1 through 12 above.

14. On information and belief, the Entrenchment Shares were issued to Craig solely to permit it to have more shares to vote at the 1994 Citadel Annual Meeting and to facilitate the issuance of further shares to Craig prior to the record date for the 1994 Citadel Annual Meeting. Such shares were issued hastily for inadequate consideration and not for a proper business or corporate purpose of Citadel.

15. As such, the Entrenchment Shares were issued to enable the Individual Defendants to maintain themselves in office and to affect adversely and to impede the voting rights of Dillon L.P. and the other stockholders of Citadel at the 1994 Citadel Annual Meeting.

16. Thus, the Entrenchment Shares were improperly and invalidly issued to Craig.

#### SECOND CAUSE OF ACTION

17. Dillon L.P. realleges and restates paragraphs 1 through 16 above.

18. The Individual Defendants have improperly attempted to change the record date for the 1994 Citadel Annual Meeting from November 4, 1994 to November 11, 1994. No explanation for the attempted change was given in the press release issued by Citadel on November 4, 1994. On information and belief, the purported change in the record date was attempted by the Individual Defendants not for a proper corporate or business purpose of Citadel but to enable the Individual Defendants to perpetuate themselves in office by improperly manipulating the corporate machinery of Citadel so as to permit them to issue additional shares of stock of Citadel to Craig or other "friendly hands" prior to the new record date of November 11, 1994.

#### THIRD CAUSE OF ACTION

19. Dillon L.P. realleges and restates paragraphs 1 through 18 above.

20. On information and belief, the Individual Defendants and Craig intend to issue additional shares of voting stock of Citadel prior to November 11, 1994 to Craig or to other "friendly hands." Such an issuance would not be for a proper business or corporate purpose of Citadel. Any such shares would be issued for the primary purpose of enabling the Individual Defendants to maintain themselves in office and Craig's control of Citadel and in an attempt to dilute, adversely affect and impede the voting power and rights of Dillon L.P. and the other stockholders of Citadel.

21. Unless and until enjoined, pendente lite and permanently, the Individual Defendants intend to proceed with such an issuance of stock in violation of their fiduciary duties to Dillon L.P. and the other stockholders of Citadel.

WHEREFORE, Dillon L.P. prays that the Court enter its judgments and orders:

a. declaring that the Entrenchment Shares have been improperly issued and cannot be voted or counted toward a quorum at the 1994 Citadel Annual Meeting;

b. determining that any shares issued by Citadel after November 4,

1994 shall not be voted at or counted towards a quorum at the 1994 Citadel Annual Meeting;

c. enjoining, pendente lite and permanently, the Individual Defendants from issuing any shares of stock of Citadel prior to the 1994 Citadel Annual Meeting;

d. awarding Dillon L.P. its costs and expenses, including reasonable attorneys' fees, incurred in maintaining this action; and

e. awarding and granting such other relief as the Court may deem equitable.

R. Franklin Balotti  
Daniel A. Dreisbach  
Todd C. Schiltz  
Richards, Layton & Finger  
One Rodney Square  
P.O. Box 551  
Wilmington, Delaware 19899  
(302) 658-6541  
Attorneys for Plaintiff  
Dillon Investors, L.P.

Dated: November 7, 1994

CERTIFICATE OF SERVICE

I, Todd C. Schiltz, hereby certify that on this 7th day of November, 1994, two copies of the foregoing document were served by hand delivery on the following:

CITADEL HOLDING CORPORATION  
c/o The Corporation Trust Company  
1209 Orange Street  
Wilmington, Delaware 19801

CRAIG CORPORATION  
c/o The Corporation Trust Company  
1209 Orange Street  
Wilmington, Delaware 19801

Todd C. Schiltz