

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

SCHEDULE 13D

Under the Securities Exchange Act of 1934
(Amendment No. 5)*

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 16, 1994

(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).

Page 1 of 47 Pages

SCHEDULE 13D

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

Dillon Investors, L.P.

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 47 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 47 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. X

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 47 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 47 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. 5 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. 5 to 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") and Bradley C. Shoup ("Shoup") (the "Dillon Entities" and "Shoup" are collectively referred to as the "Reporting Persons") 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. 5 amends certain information set forth in the Schedule 13D filed by the Dillon Entities on March 18, 1994, 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"), Amendment No. 3 filed on November 4, 1994 ("Amendment No. 3") and Amendment No. 4 filed on November 8, 1994 ("Amendment No. 4").

Item 4. Purpose of Transaction

As previously stated in Amendment Nos. 3 and 4, 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 (the "Proxy Solicitation"). 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 an orderly sale of the Issuer's real estate assets at the best available price, and thereafter promptly dissolve and liquidate the Issuer. On November 15, 1994, DI filed amended preliminary proxy materials in order to respond to comments provided by the SEC on November 14, 1994, with respect to the preliminary proxy materials filed on November 8, 1994, and to take into account recent events with respect to the Issuer's issuance on November 10, 1994, to Craig Corporation ("Craig") of 1,329,114 shares of 3% Cumulative Voting Convertible Preferred Stock (the "New Preferred Stock") at a price of \$3.95 per share by exchanging such shares of New Preferred Stock for \$5.2 million of debt owed by the Issuer to Craig. The New Preferred Stock votes jointly with the shares of Common Stock on most matters, including the election of directors, on a share-for-share basis and is convertible into shares of Common Stock at any time, at the option of the holder, at a conversion ratio based upon the market value of the shares of Common Stock. The New Preferred Stock is redeemable at a premium at the option of the Issuer, after November 10, 1997. Holders of the New Preferred Stock have the right to require the Issuer to purchase their shares at a premium under certain circumstances, including a change of control (which would include failure of the existing directors of the Issuer or any persons elected or nominated by the existing directors of the Issuer to constitute a majority of the Board).

As previously stated in Amendment No. 4, DI commenced litigation (the "Delaware Litigation") in the Court of Chancery of the State of Delaware in and for New Castle County against the Issuer, its present directors James J. Cotter, Steve Wesson, Peter W. Geiger, S. Craig Tompkins and Alfred Villasenor, Jr. (the "Individual Defendants") and Craig alleging that the attempt by the Issuer's Board to change the record date for the Annual Meeting, from the previously announced date of November 4, 1994 to the November 11, 1994 date announced by the Board of Directors of the Issuer on November 4, 1994, was not for a proper corporate or business purpose of the Company 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 in October of 74,300 shares of Common Stock to Craig 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 Company at the Annual Meeting. The complaint sought an order declaring that such 74,300 shares of Common Stock were improperly issued and enjoining Craig from voting such shares at the Annual Meeting, determining that any shares of Common Stock issued by the Issuer after November 4, 1994, shall not be voted or counted towards a quorum at the Annual Meeting, and preliminarily and permanently enjoining the Individual Defendants and the Issuer from issuing any shares of Common Stock prior to the Annual Meeting. On November 9, 1994, prior to the Issuer's issuance of New Preferred Stock to Craig, the Court scheduled a trial beginning January 4, 1995, after determining that a prompt trial after the 1994 Annual Meeting, together with a status quo order preserving the parties in the position they were from the time of the 1994 Annual Meeting through conclusion of the trial,

would afford sufficient relief. The Court did, however, indicate that it would entertain a new request for injunctive relief should significant events occur. DI has not definitively determined whether to request relief from the Court prior to the 1994 Annual Meeting although DI will continue to monitor the situation. If the Dillon Nominees are elected by vote at the 1994 Annual Meeting or pursuant to written consent (see below), it is DI's present intention to prosecute the Delaware Litigation in order to invalidate the issuance of the New Preferred Stock. The election of the Dillon Nominees would, depending upon the outcome of such action, either permit Craig to accelerate its original \$6,200,000 loan to the Issuer or to accelerate the \$950,000 balance of the loan currently outstanding and require the Issuer to repurchase the New Preferred Stock at a premium, for a total cost to the Issuer of \$6,200,000 plus approximately \$39,000 per month pro rated from the date of issuance to the date of redemption of the New Preferred Stock. Although Dillon has not approached any financing sources with respect to the Issuer's obtaining funds to enable it to meet such obligations, DI believes, based upon the Issuer's statements with respect to its real estate assets in its Quarterly Report on Form 10-Q for the Quarter and Six Months ended June 30, 1994, that financing, secured by such assets, would be available, although there can be no assurance on this point.

On November 14, 1994, DI amended its complaint filed in the Delaware Litigation to seek rescission of the sale of the New Preferred Stock and to preliminarily and permanently enjoin the voting of such New Preferred Stock at the Annual Meeting or otherwise. The amended complaint of DI alleges that such issuance of New Preferred Stock was in violation of the Board's fiduciary duties, as such New Preferred Stock was issued for inadequate consideration and not for a proper business or corporate purpose of the Issuer. The shares of New Preferred Stock were issued at a share price below the closing sales price for the shares of Common Stock on the American Stock Exchange on November 10, 1994, notwithstanding the fact that such New Preferred Stock has superior liquidation, dividend and redemption rights to the shares of Common Stock, voting rights equal to the shares of Common Stock and is convertible into shares of Common Stock. A copy of the amended complaint filed by DI in the Delaware Litigation is attached hereto as Exhibit B and is incorporated herein by reference.

On November 16, 1994, DI filed preliminary consent solicitation materials with the SEC with respect to the solicitation of consents from the stockholders of the Issuer (the "Consent Solicitation"). The record date for determining the persons entitled to deliver a consent in the Consent Solicitation is November 7, 1994 (the date on which, as previously disclosed, RHD delivered his Consent to the Issuer), rather than the Issuer's proposed November 14, 1994 record date for the Proxy Solicitation, which allows only the recordholders of shares of Common Stock (as the only voting securities) prior to the issuance of the New Preferred Stock to vote their shares of Common Stock with respect to the composition of the Board. Pursuant to the Consent Solicitation, DI is seeking the consent (the "Consent") of the stockholders of the Issuer to (1) the removal of the current directors of the Issuer, (2) the election of the Dillon Nominees, and (3) 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 the majority of the Common Stock of the Issuer outstanding. The Consent provides that such amendment to the Issuer's By-Laws may not be further amended without the approval of either of the holders of the 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. Adoption of the proposed corporate actions addressed in the Consent will require the consent of the holders of a majority of the shares of Common Stock outstanding on November 7, 1994, in accordance with Delaware law.

On November 16, 1994, the Issuer filed an answer and counterclaim against DI in the Delaware Litigation which seeks an order declaring invalid any purported removal of the Board either prior to the 1994 Annual Meeting (unless consented to by a majority of the stockholders entitled to vote at the 1994 Annual Meeting, which would include Craig as the holder of the New Preferred Stock) or after the 1994 Annual Meeting, declaring that the consent procedure cannot be used to amend the By-Laws as set forth in the Consent and that any such amendment is void, even if approved by the stockholders, and enjoining DI from utilizing consents to attempt to obtain stockholder approval of such By-Laws amendment. DI believes the Issuer's counterclaim to be simply another attempt to prevent public stockholders from exercising their voting rights without the dilution of such rights caused by the issuance of the New Preferred Stock to Craig in anticipation of the 1994 Annual Meeting and DI's Proxy Solicitation.

On November 16, 1994, the Issuer commenced an action in the United States District Court for the Central District of California (the "California Litigation") against the Reporting Persons and the Dillon Nominees (collectively, the "California Litigation Defendants") alleging that the California Litigation Defendants have violated Section 13(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and the rules and regulations promulgated thereunder by failing to disclose certain information in the Schedule 13D, as amended. The complaint of the Issuer seeks an order forbidding the California Litigation Defendants from soliciting any proxies or consents related to shares of Common Stock of the Issuer until the California Litigation Defendants have disclosed the material information allegedly omitted from, and corrected the information allegedly misstated in, the Schedule 13D and amendments thereto; prohibiting the voting of any shares of Common Stock pursuant to any proxy or consent which may be granted pursuant to the California Litigation Defendants' Proxy Solicitation prior to the date ten days following public dissemination of the corrective disclosures; enjoining each of the California Litigation Defendants from acquiring or attempting to acquire any further shares of Common Stock of the Issuer until ten days after the California Litigation Defendants have disclosed the material information allegedly omitted from, and corrected the information allegedly misstated in, the Schedule 13D and the Amendments thereto; enjoining each of the California Litigation Defendants from exercising or attempting to exercise any influence or control over the business or management of the Issuer until an amendment to the Schedule 13D is filed disclosing all material information allegedly omitted from the Schedule 13D and the Amendments thereto; enjoining each of the California Litigation Defendants from using or attempting to use any shares of Common Stock as a means of controlling or affecting the management of the Issuer; and prohibiting the California Litigation Defendants from soliciting or arranging the solicitation of orders to buy or sell any shares of the Issuer. The Reporting Persons, together with the other California Litigation Defendants, intend to file an answer to the Issuer's complaint in the California Litigation which reflects their belief that the claims of the Issuer are without merit and will vigorously defend against such claims. A copy of the complaint filed by the Issuer in the California Litigation is attached hereto as Exhibit C and is incorporated herein by reference.

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 11, 1994, among the Reporting Persons. (Included at page 13 of this Amendment No. 5 to Schedule 13D.)

Exhibit B - Amended Complaint filed by DI on November 14, 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, C.A. No. 13867 (Included beginning at page 14 of this Amendment No. 5 to Schedule 13D.)

Exhibit C - Complaint filed by the Issuer on November 16, 1994 in the United States District Court for the Central District of California in action captioned Citadel Holding Corporation v. Dillon Investors, L.P., Roderick H. Dillon, Jr., Roderick H. Dillon, Jr. Foundation, Bradley C. Shoup, Timothy M. Kelley, Ralph V. Whitworth and Jordan M. Spiegel (Included beginning at page 26 of this Amendment No. 5 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 17, 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 A

JOINT FILING AGREEMENT

In accordance with Rule 13d-1(f)(1) under the Securities Exchange Act of 1934, the persons named below hereby agree to the joint filing on behalf of each of them of a statement on Schedule 13D (including any amendments thereto) with respect to the shares of Common Stock of Citadel Holding Corporation beneficially owned by each of them and further agree that this Joint Filing Agreement be included as an exhibit to such joint filings.

IN WITNESS WHEREOF, the undersigned hereby execute this Joint Filing Agreement as of the 11th day of November, 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

Amended Complaint filed by Dillon Investors, L.P. on November 14, 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, C.A. No. 13867

IN THE COURT OF CHANCERY OF THE STATE OF DELAWARE

IN AND FOR NEW CASTLE COUNTY

DILLON INVESTORS, L.P.,)	
)	
Plaintiff,)	
)	C.A. No. 13867
v.)	
)	
JAMES J. COTTER, STEVE WESSON,)	
PETER W. GEIGER, S. CRAIG)	
TOMPKINS, ALFRED VILLASENOR, JR.,)	
CRAIG CORPORATION and CITADEL)	
HOLDING CORPORATION,)	
)	
Defendants.)	

AMENDED COMPLAINT

For its amended 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 approximately 24.9% of the shares of the outstanding voting stock of Citadel. Craig has extended a \$8.2 million line of credit to a wholly owned subsidiary of Citadel of which, as of November 9, 1994, \$6.2 million had been drawn down and guaranteed by Citadel. The line of credit does not mature and is not due and payable until August 5, 1995. 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 "Facilitating 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 Facilitating 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 Facilitating 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 Facilitating 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. On November 7, 1994, a written consent executed on behalf of Mr. Dillon was delivered to Citadel in accordance with 8 Del. C. Section 228 to take the following actions: (i) remove the entire board of Citadel; (ii) elect Mr. Dillon, Bradley C. Shoup, Ralph V. Whitworth, Jordan M. Spiegel and Timothy M. Kelley as directors of Citadel; and (iii) amend the by-laws of Citadel to limit and/or condition indemnification of certain representatives of Citadel. The delivery of the consent established, pursuant to 8 Del. C. Sections 213 and 228, a stockholder record date of November 7, 1994 as the record date for the consent.

13. On November 8, 1994, Citadel announced by press release that the earlier report which provided that the record date for the 1994 Citadel Annual Meeting was reset to November 11, 1994 was "erroneous," and further announced that the third record date for such meeting was to be November 14, 1994. This further manipulation of the record date was accomplished to permit Citadel to issue additional shares to its controlling stockholder, Craig, and enable Craig to cast additional votes at the 1994 Citadel Annual Meeting to impede the announced proxy and consent solicitations of Dillon L.P.

14. On November 10, 1994, prior to the purported record date for the annual meeting of November 14, 1994, Citadel sold 1,329,114 shares of newly authorized 3% Cumulative Voting Convertible Preferred Stock to Craig in exchange for cancellation of \$5.2 million of debt owed by Citadel to Craig (the "Entrenchment Shares"). The Entrenchment Shares were issued to Craig for the "Stated Value" of \$3.95 per share, a price wholly inadequate given the terms and intrinsic value of the Entrenchment Shares. Indeed, the sales price of the Entrenchment Shares was below the closing price for the common stock on the American Stock Exchange on November 10, 1994. In addition to the guaranteed 3% annual return and ranking prior to the common shares as to dividends, liquidation and dissolution, the

Entrenchment Shares are subject to automatic conversion into common stock under certain circumstances. Furthermore, subject to certain limitations, the Entrenchment Shares may be converted into Citadel common stock at the option of the holder of the Entrenchment Shares. Moreover, the terms of the Entrenchment Shares prohibit Citadel from declaring a dividend on its common stock or redeeming those shares unless the dividends accrued on the outstanding Entrenchment Shares have been or will be paid contemporaneously therewith.

15. Citadel may not unilaterally redeem any of the Entrenchment Shares prior to November 10, 1997. Nevertheless, Craig has the right to require Citadel to purchase the Entrenchment Shares upon the occurrence of a change of control. The certificate of designation defines a "change of control" to have occurred, inter alia, when the current directors or their nominees cease to constitute a majority of the board of directors. If such a change in control occurs (if, for example the proxy or consent solicitation of Dillon L.P. is successful), Citadel is required to purchase the Entrenchment Shares at a premium equal to the Stated Value plus 9% interest per annum (if the redemption occurs before November 10, 1998).

16. The holders of Entrenchment Shares are entitled to one vote for each share held and to vote jointly with the common stock on the election of directors. The Entrenchment Shares also are entitled to nominate one director for election to the board of directors. The Entrenchment Shares were thus issued so that Craig would own the shares on the record date for the 1994 Citadel Annual Meeting and to influence improperly the election of directors, among other things. As stated in the press release announcing the issuance: "Craig's ownership of these shares on the record date was a condition to Craig's agreement to convert its debt to equity."

17. As the holder of the Entrenchment Shares, Craig was also granted by the board of directors of Citadel a preemptive right to purchase any unissued voting stock of any class of Citadel. As described in the certificate of designation for the Entrenchment Shares: "Such preemptive rights shall extend only to the extent necessary to allow [Craig] to maintain its proportionate shares of the outstanding voting stock of the Company...." Thus, Craig has not only established its control over Citadel but has guaranteed its ability to maintain that control.

18. The Entrenchment Shares represent 16.6% of the outstanding voting securities of Citadel. As a result of the issuance of the Entrenchment Shares, Craig now controls approximately 25% of the outstanding voting securities of Citadel: 16.6% through the Entrenchment Shares and 8.3% through its holdings of Citadel common stock.

19. 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

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

21. On information and belief, the Facilitating Shares and Entrenchment Shares were issued to Craig solely to permit it to have more shares to vote at the 1994 Citadel Annual Meeting and to obstruct the consent and proxy solicitations of Dillon. Such shares were issued hastily for inadequate consideration and not for a proper business or corporate purpose of Citadel.

22. As such, the Facilitating Shares and 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.

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

SECOND CAUSE OF ACTION

24. Dillon L.P. realleges and restates paragraphs 1 through 23 above.

25. The Individual Defendants have twice improperly attempted to change the record date for the 1994 Citadel Annual Meeting from November 4, 1994 to November 11, 1994, and then again to November 14, 1994. No explanation for the attempted change was given in the press release issued by Citadel on November 4, 1994, and the November 7, 1994 press release merely stated that the report of the November 11, 1994 record date was erroneous. On information and belief, the purported changes in the record date were 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 and to permit Cotter, Tompkins and Craig to maintain their control of Citadel by improperly manipulating the corporate machinery of Citadel so as to permit them to issue the Entrenchment Shares to Craig prior to the new record date of November 14, 1994.

THIRD CAUSE OF ACTION

26. Dillon L.P. realleges and restates paragraphs 1 through 25 above.

27. The Individual Defendants and Craig conspired to issue additional shares of voting stock of Citadel to Craig prior to November 14, 1994. On information and belief, such issuances were not for a proper business or corporate purpose of Citadel. Such shares were issued for the primary purpose of enabling the Individual Defendants to maintain themselves in office and to maintain the control of Cotter, Tompkins and Craig over 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.

28. The issuances of the Facilitating Shares and the Entrenchment Shares were in violation of the fiduciary duties of the Individual Defendants and Craig which are owed 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 Facilitating Shares and Entrenchment Shares have been improperly issued and cannot be voted or counted toward a quorum at the 1994 Citadel Annual Meeting;

b. rescinding the issuances of the Facilitating Shares and Entrenchment Shares;

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.

/s/ Daniel A. Dreisbach
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 14, 1994

CERTIFICATE OF SERVICE

I, Todd C. Schiltz, hereby certify that on this 14th day of November, 1994, two copies of the foregoing document were served by hand delivery on the following:

Robert K. Payson, Esquire
Potter Anderson & Corroon
350 Delaware Trust Building
P.O. Box 951
Wilmington, Delaware 19899

William O. LaMotte, III, Esquire
Morris Nichols Arsht & Tunnell
1201 North Market Street
P.O. Box 1347
Wilmington, Delaware 19899-1347

/s/ Todd C. Schiltz

Todd C. Schiltz

Exhibit C

Complaint filed by Citadel Holding Corporation on November 16, 1994 in the United States District Court for the Central District of California in action captioned Citadel Holding Corporation v. Dillon Investors, L.P., Roderick H. Dillon, Jr., Roderick H. Dillon, Jr. Foundation, Bradley C. Shoup, Timothy M. Kelley, Ralph V. Whitworth and Jordan M. Spiegel.

Page 26 of 47 Pages

UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

CITADEL HOLDING CORPORATION,
a Delaware corporation,

Plaintiff,

v.

DILLON INVESTORS, L.P., a
Delaware partnership; RODERICK
H. DILLON, JR., an individual;
RODERICK H. DILLON, JR.
FOUNDATION, an Ohio trust;
BRADLEY C. SHOUP, an
individual; TIMOTHY M. KELLEY,
an individual; RALPH V.
WHITWORTH, an individual; and
JORDAN M. SPIEGEL, an
individual,

Defendants.:

CASE NO.

COMPLAINT FOR
INJUNCTIVE RELIEF

Plaintiff Citadel Holding Corporation ("Citadel"), on knowledge as to plaintiff, and otherwise upon information and belief, alleges as follows:

THE PARTIES

1. Plaintiff Citadel is a publicly held corporation, organized and existing under the laws of the State of Delaware, with its principal place of business at 600 North Brand Boulevard, Glendale, California 91203.

2. Citadel is the owner of approximately 17 percent of the issued and outstanding shares of stock of Fidelity Federal Bank, FSB ("Fidelity"), which is a federal savings bank that is subject to the rules and regulations of the Office of Thrift Supervision ("OTS").

3. There are approximately 6,669,924 shares of Citadel common stock that have been issued and are outstanding ("Citadel Shares"). Citadel's records indicate that Citadel Shares are held by approximately 274 shareholders of record. The Citadel Shares are traded as a listed security on the American Stock Exchange, and they are registered pursuant to Section 12 of the Securities Exchange Act of 1934 ("Exchange Act").

4. Defendant Roderick H. Dillon, Jr. ("Dillon") has represented in filings with the Securities and Exchange Commission ("SEC") that he is the beneficial owner of 5,000 shares of common stock of Citadel and that his holdings equal approximately 0.075% of Citadel Shares. In addition, Dillon maintains an individual retirement account ("Dillon IRA"), and Dillon has represented in filings with the SEC that the Dillon IRA is the beneficial owner of 5,000 shares of common stock of Citadel, which equal approximately 0.075% of Citadel Shares. Dillon is a citizen of the State of Ohio. Dillon is the Chief Investment Officer of Dillon Capital Management, L.P.

5. Defendant Dillon Investors, L.P. ("Dillon Investors") is a Delaware partnership with its principal place of business at 21 East State Street, Suite 1410, Columbus, Ohio 43215. Dillon Investors has represented in filings with the SEC that it is the beneficial owner of 647,000 shares of common stock of Citadel and that its holdings equal approximately 9.70% of Citadel Shares. Dillon is the sole general partner of Dillon Investors. Dillon is a controlling person of Dillon Investors

within the meaning of Section 20(a) of the Exchange Act and is the beneficial owner of Dillon Investors' Citadel Shares.

6. Defendant Roderick H. Dillon, Jr. Foundation ("Dillon Foundation") is a trust organized in and existing pursuant to the laws of the State of Ohio. The Dillon Foundation has represented in filings with the SEC that it is the beneficial owner of 2,000 shares of common stock of Citadel and that such shares, which are beneficially owned by Dillon, equal approximately 0.03% of Citadel Shares. Dillon is the sole trustee of the Dillon Foundation and is the beneficial owner of the Dillon Foundation's Citadel Shares. Dillon is a controlling person of the Dillon Foundation within the meaning of Section 20(a) of the Exchange Act.

7. Defendant Bradley C. Shoup ("Shoup") has represented in filings with the SEC that he is the beneficial owner of the assets of an IRA account in Shoup's name. Shoup has further represented in filings with the SEC that he is the beneficial owner of 2,000 shares of common stock of Citadel, which equals approximately 0.03% of Citadel Shares. Shoup is a citizen of California. Shoup is also a partner at Batchelder & Partners, Inc., a financial advisory firm in La Jolla, California that specializes in, among other things, consulting in corporate takeovers.

8. Defendants Timothy M. Kelley, Ralph V. Whitworth, and Jordan M. Spiegel are citizens of the States of Ohio, Virginia, and California respectively. Kelley is Secretary, Treasurer, and General Counsel of Donald W. Kelley & Associates, Inc., a real estate consulting and development firm located in Columbus, Ohio. Whitworth is President of Whitworth & Associates, a corporate consulting firm in Washington, D.C. Spiegel is Executive Vice-President of A. B. Laffler, V. A. Canto & Associates, an economic consulting firm located in La Jolla, California. Kelley, Whitworth, and Spiegel are part of a slate of proposed directors, including Dillon and Shoup, who are seeking to take control of Citadel by ousting its current Board of Directors and then liquidating and dissolving Citadel, by means of false and misleading filings with the SEC, public statements, and proxy solicitations.

JURISDICTION AND VENUE

9. This action arises under Section 13(d) of the Exchange Act, 15 U.S.C. Section 78m(d), and the rules and regulations of the SEC promulgated thereunder. Jurisdiction and venue of this court are founded on 28 U.S.C. Sections 1331, 1337 and 1391, and on Section 27 of the Exchange Act, 15 U.S.C. Section 78aa. Acts and transactions constituting and in furtherance of violations of the Exchange Act have occurred and continue to occur in this District and have been committed by defendants through use of the means and instrumentalities of interstate commerce and of the U.S. mails.

10. The amount in controversy herein, exclusive of interest and costs, exceeds \$50,000.

THE DEFENDANTS' SCHEME

11. Since at least March 1993, Defendants have acted in concert with each other and with others for the purpose of acquiring control of Citadel in order to liquidate its assets and dissolve Citadel irrespective of any attendant fiduciary duties. Defendants have engaged Garland Associates, Inc. to assist them. As part of and in furtherance of defendants' scheme, defendants have stated publicly, and with the intention of supporting their effort to wrest control of Citadel's Board of Directors, or, alternatively, as part of a greenmail scheme, that they believe the liquidation value of Citadel Shares far exceeds their market value, suggesting a difference of roughly \$9 per share rather than roughly \$4 per share, respectively.

12. Dillon has agreed to indemnify Kelley, Whitworth, Spiegel and Shoup against all liabilities, including liabilities under the federal securities laws, in connection with efforts to obtain control of Citadel's Board of Directors and, if successful, dissolution and liquidation of Citadel. Dillon intends to force Citadel shareholders to pay for any costs associated with such liabilities and the costs of defendants' attempted takeover.

13. If defendants are successful in acquiring control of Citadel, through control of its Board of Directors, they will seek, among other things, and irrespective of their fiduciary duties to all Citadel shareholders, to:

- Take Citadel's block of shares of Fidelity and dilute their value by distributing them pro rata to Citadel's shareholders, thereby benefitting defendants to the detriment of

Citadel's other shareholders.

- Liquidate the assets of Citadel and dissolve Citadel at fire sale prices to the detriment of Citadel's other shareholders.

14. In carrying out the foregoing scheme, defendants have violated federal law by, among other things:

- Failing to disclose contracts, arrangements and understandings among them and with others respecting the stock of Citadel, as mandated by Section 13(d) of the Exchange Act.

- Failing to disclose that they and others constitute a "group," organized for the purpose of seizing control of Citadel, as mandated by Section 13(d) of the Exchange Act.

- Failing to disclose their true purposes and intentions in their Schedule 13Ds, including their intent to wrest control of Citadel's Board of Directors and dissolve Citadel and liquidate its assets, irrespective of any fiduciary duties owed to other Citadel shareholders, as mandated by Section 13(d) of the Exchange Act.

- Failing to disclose detailed and accurate information concerning themselves and their related entities, including Garland Associates, Inc., Dillon Capital Management, L.P., Batchelder & Partners, Inc., Donald W. Kelley & Associates, Inc., Whitworth & Associates, A. B. Laffler, V. A. Canto & Associates, Loomis, Sayles & Co., Inc., and United Shareholders Association, as mandated by Section 13(d) of the Exchange Act. For example, defendants' proposed slate of Directors includes at least two individuals formerly associated with a well-known corporate raider (T. Boone Pickens) known for his greenmail tactics.

- Failing to disclose the adverse consequences to Citadel and its shareholders if defendants wrest control of Citadel and dissolve Citadel and liquidate its assets, which defendants are in a position to know, as mandated by Section 13(d) of the Exchange Act.

- Failing to disclose the adverse consequences to Citadel and its shareholders if defendants fail to obtain approval by the OTS and other governmental agencies for their plan, which defendants are in a position to know, as mandated by Section 13(d) of the Exchange Act.

- Failing to identify the key assumptions underlying their liquidation and dissolution plan, as mandated by Section 13(d) of the Exchange Act.

- Failing to identify their opinion of the liquidation value of Citadel's assets, as mandated by Section 13(d) of the Exchange Act.

- Failing to identify whether and why the market price of Citadel Shares is not a reliable indicator of their value, as mandated by Section 13(d) of the Exchange Act.

- Failing to disclose defendants' alternative valuation for Citadel Shares, as mandated by Section 13(d) of the Exchange Act.

- Failing to identify the material contracts that might be terminated upon liquidation and the resulting impact on Citadel's shareholders, which defendants are in a position to know, as mandated by Section 13(d) of the Exchange Act.

- Failing to identify the adverse tax consequences to Citadel and its shareholders if defendants' scheme is successfully implemented, which defendants are in a position to know, as mandated by Section 13(d) of the Exchange Act.

- Failing to disclose defendants' fee arrangement with and financial incentives to financial and legal advisors and counselors, including Dillon Capital Management, L.P., Batchelder & Partners, Inc., Donald W. Kelley & Associates, Inc., Whitworth & Associates, A. B. Laffler, V. A. Canto & Associates, and Garland Associates, Inc., as mandated by Section 13(d) of the Exchange Act.

- Failing to disclose the existence and nature of any financing or other arrangements in connection with the acquisition by anyone of Citadel Shares in support of defendants' scheme, as mandated by Section 13(d) of the Exchange Act.

THE SCHEDULE 13D STATEMENTS

15. On or about March 18, 1994, Dillon (on behalf of himself and the Dillon IRA), Dillon Investors, and the Dillon Foundation filed a 13D statement with the SEC. Defendants disclosed that they had acquired over 9 percent of Citadel Shares. Defendants did not, however, disclose that they had been acting and were continuing to act as a group among themselves and with others in connection with the acquisition of Citadel Shares,

or that their intention was and is to seek to effectuate a change in the control of Citadel and dissolve the company and liquidate its assets, irrespective of any fiduciary duties owed to other Citadel shareholders. Defendants also did not disclose any of the information described in paragraph 14 of this Complaint, as mandated by Section 13(d) of the Exchange Act. This permitted defendants to accumulate a greater interest in Citadel before filing their 13D Statement, in violation of Section 13(d) of the Exchange Act. Despite the fact that defendants have filed four amendments to this 13D, to this day they have not made such disclosures.

16. On or about September 9, 1994, Dillon (on behalf of himself and the Dillon IRA), Dillon Investors, and the Dillon Foundation filed their first amendment to their earlier 13D filing. This filing, however, did not disclose that defendants had been acting and were continuing to act as a group among themselves and with others in connection with their acquisition of Citadel Shares or their intention to seek to effectuate a change in the control of Citadel and dissolve the company and liquidate its assets, irrespective of any fiduciary duties owed to other Citadel shareholders. Defendants also did not disclose any of the information described in paragraph 14 of this Complaint, as mandated by Section 13(d) of the Exchange Act.

17. On or about October 17, 1994, Dillon (on behalf of himself and the Dillon IRA), Dillon Investors, and the Dillon Foundation filed their second amendment to their earlier 13D filing. Defendants still did not disclose that they had been acting and were continuing to act as a group with others in connection with their Citadel Shares, or their intention to seek to effectuate a change in the control of Citadel and dissolve the company and liquidate its assets, irrespective of any fiduciary duties owed to other Citadel shareholders. Defendants also did not disclose any of the information described in paragraph 14 of this Complaint, as mandated by Section 13(d) of the Exchange Act.

18. On or about November 4, 1994, Dillon (on behalf of himself and the Dillon IRA), Dillon Investors, the Dillon Foundation and Shoup finally disclosed their slate of nominees to the Board of Directors of Citadel in yet another 13D amendment as part of their long-held plan with others to dissolve Citadel and liquidate its assets, irrespective of any fiduciary duties owed to other Citadel shareholders. Defendants did not disclose in the 13D amendment, however, that they were acting as a part of a group with others in acquiring Citadel Shares or seeking to acquire control of Citadel or their intention to seek to effectuate a change in the control of Citadel and dissolve the company and liquidate its assets, irrespective of any fiduciary duties owed to other Citadel shareholders. Defendants also did not disclose any of the information described in paragraph 14 of this Complaint, as mandated by Section 13(d) of the Exchange Act.

19. On or about November 7, 1994, Dillon (on behalf of himself and the Dillon IRA), Dillon Investors, the Dillon Foundation and Shoup filed their fourth amendment to their prior 13D statement. Defendants disclosed that they had submitted preliminary proxy materials to the SEC to solicit proxies to elect their slate of Directors. Despite filing this fourth amendment to the 13D, Defendants continued to refuse to acknowledge that they were and/or acting as a group with others, but claimed that their only agreement or understanding was that the members of the Dillon slate have agreed to be nominated and serve as Directors of Citadel. The 13D fails to state that these persons are part of a "group," fails to state that they have certain agreements and understandings with regard to Citadel Shares, and fails to make the disclosures identified in paragraph 14 of this Complaint.

IRREPARABLE INJURY TO CITADEL, ITS
SHAREHOLDERS AND THE INVESTING PUBLIC

20. Citadel, its shareholders, and the investing public have been and will continue to be substantially and irreparably injured by defendants' ongoing and unlawful scheme and conduct in that, among other things:

(a) Through their unlawful acts, defendants have sown the seeds of misinformation which Citadel cannot remedy after the fact through counter-information;

(b) Citadel shareholders (both present and prospective) are being compelled to make hasty, ill-informed investment decisions, including proxies and consents, concerning Citadel Shares -- which decisions could result in a change in the management of Citadel and drastic (and severely detrimental) changes in the operations and plans of the company -- without the benefit of the full and fair disclosures and truthful information

to which they are entitled under, among other things, Section 13(d) of the Exchange Act.

(c) By reason of defendants' unlawful conduct, there has been and will continue to be confusion and misunderstanding on the part of Citadel shareholders and the general investing public as to the true intentions of defendants with respect to Citadel and its operations -- including defendants' unyielding decision to dissolve Citadel and liquidate its assets - - and a major disruption in the market for Citadel Shares;

(d) The market for Citadel Shares is being manipulated; indeed, many of Citadel's shareholders have been and will be induced to give proxies or consents to defendants or to sell their shares to market professionals, speculators, or members of defendants' group by reason of defendants' manipulation;

(e) The widespread confusion and uncertainty created by defendants' misconduct as to their intention toward Citadel is causing, and will continue to cause, serious dislocations in the operation of and plans for Citadel's business and the market for its securities; and

(f) Citadel may be wrongfully coerced to act to dispose of valuable assets at less than the full value that could be obtained for such assets but for defendants' wrongful conduct.

FIRST CAUSE OF ACTION AGAINST
ALL OF THE DEFENDANTS

21. Citadel repeats and realleges each and every allegation of Paragraphs 1 through 20 as if set forth fully herein.

22. Section 13(d)(1) of the Exchange Act, 15 U.S.C. Section 78m(d)(1), provides that any person acquiring 5 percent or more of the shares of any company registered under Section 12 of the Exchange Act must file a Schedule 13D statement. Section 13(d)(3), 15 U.S.C. Section 78m(d)(3), provides that "when two or more persons act as a . . . group for the purpose of acquiring, holding, or disposing of securities of an issuer, such . . . group shall be deemed a 'person' for the purposes of this subsection." Under SEC Regulation 13D-101, 17 C.F.R. Section 240.13D-101, Item 4 of that Schedule 13D must disclose, among other things, "the purpose or purposes of the acquisition." Under SEC Regulation 13D-101, Item 6 of that Schedule 13D must describe "any contracts, arrangements, understandings or relationships (legal or otherwise)" among the persons filing the Schedule 13D and any other person.

23. The March 17, 1989 Schedule 13D statement filed by defendants and all of the amendments thereto, including but not limited to that filed on or after November 7, 1994 (the most recent amendment), are materially false and misleading in that, among other things, they:

- Fail to disclose contracts, arrangements and understandings among them and with others respecting the stock of Citadel, as mandated by Section 13(d) of the Exchange Act.

- Fail to disclose that they and others constitute a "group," organized for the purpose of seizing control of Citadel, as mandated by Section 13(d) of the Exchange Act.

- Fail to disclose their true purposes and intentions in their Schedule 13Ds, including their intent to wrest control of Citadel's Board of Directors and dissolve Citadel and liquidate its assets, irrespective of any fiduciary duties owed to other Citadel shareholders, as mandated by Section 13(d) of the Exchange Act.

- Fail to disclose detailed and accurate information concerning themselves and their related or affiliated entities, including Garland Associates, Inc., Dillon Capital Management, L.P., Batchelder & Partners, Inc., Donald W. Kelley & Associates, Inc., Whitworth & Associates, A. B. Laffler, V. A. Canto & Associates, Loomis, Sayles & Co., Inc. and United Shareholders Association, as mandated by Section 13(d) of the Exchange Act. For example, defendants' proposed slate of Directors includes at least two individuals formerly associated with a well-known corporate raider (T. Boone Pickens) known for his greenmail tactics.

- Fail to disclose the adverse consequences to Citadel and its shareholders if defendants wrest control of Citadel and dissolve Citadel and liquidate its assets, which defendants are in a position to know, as mandated by Section 13(d) of the Exchange Act.

- Fail to disclose the adverse consequences to Citadel and its shareholders if defendants fail to obtain approval by the OTS and other governmental agencies for their

plan, which defendants are in a position to know, as mandated by Section 13(d) of the Exchange Act.

- Fail to identify the key assumptions underlying their liquidation and dissolution plan, as mandated by Section 13(d) of the Exchange Act.

- Fail to identify their opinion of the liquidation value of Citadel's assets, as mandated by Section 13(d) of the Exchange Act.

- Fail to identify whether and why the market price of Citadel Shares is not a reliable indicator of their value, as mandated by Section 13(d) of the Exchange Act.

- Fail to disclose defendants' alternative valuation for Citadel Shares, as mandated by Section 13(d) of the Exchange Act.

- Fail to identify the material contracts that might be terminated upon liquidation and the resulting impact on Citadel's shareholders, which defendants are in a position to know, as mandated by Section 13(d) of the Exchange Act.

- Fail to identify the adverse tax consequences to Citadel and its shareholders if defendants' scheme is successfully implemented, as mandated by Section 13(d) of the Exchange Act.

- Fail to disclose defendants' fee arrangement with and financial incentives to financial and legal advisors and counselors, including Dillon Capital Management, L.P., Batchelder & Partners, Inc., Donald W. Kelley & Associates, Inc., Whitworth & Associates, A. B. Laffler, V. A. Canto & Associates, and Garland Associates, Inc., as mandated by Section 13(d) of the Exchange Act.

- Fail to disclose the existence and nature of any financing or other arrangements in connection with the acquisition by anyone of Citadel Shares in support of defendants' scheme.

24. All of the above-described 13D statements and amendments thereto also are materially false and misleading in that they fail to disclose that defendants have been and are actively seeking to expand the group or to further its aims by soliciting other shareholders prior to any filing and issuance of formal proxy materials.

25. The above-stated misrepresentations and omissions of facts and circumstances are material to any evaluation by Citadel shareholders and members of the investing public with respect to their investment decisions concerning the retention, sale or purchase of Citadel Shares, as well as their decision to grant or withhold proxies and/or consents.

26. By virtue of the foregoing, defendants have violated and are continuing to violate Section 13(d) of the Exchange Act and the rules and regulations, including Rule 13d-1, promulgated thereunder.

27. Defendants Kelley, Whitworth, and Spiegel, by continuing to participate in the scheme described above, with knowledge of its true purpose and the material violations of Section 13(d) of the Exchange Act as set forth herein, have aided and abetted and conspired with, and continue to aid and abet and conspire with the other defendants in the commission of the violations alleged herein. Defendants are direct, necessary and substantial participants in the conspiracy and know that their conduct has assisted and will continue to assist the accomplishment of the wrongful conduct and wrongful goals of the others.

28. The defendants have failed to correct the false and misleading statements contained in their Schedule 13D Statement and amendments thereto, and, unless enjoined by this Court, will proceed with an illegal accumulation of stock, consent solicitation, or a proxy contest. This will have the impact of materially misleading Citadel's shareholders as set forth herein. Citadel has no adequate remedy at law. Citadel cannot avoid the substantial irreparable injuries that are being caused by the material misstatements and omissions by the defendants who have violated and are continuing to violate Section 13(d) of the Exchange Act.

SECOND CAUSE OF ACTION AGAINST
ALL OF THE DEFENDANTS

29. Citadel repeats and realleges each and every allegation of Paragraphs 1 through 28 as if set forth fully herein.

30. Rule 13d-2(a) requires that if any material change occurs in the facts set forth in a 13D Statement, the person or persons affected must file "promptly" an amendment disclosing such change.

31. The defendants have failed to file promptly

appropriate amendments to their prior 13D Statement and subsequent amendments after material changes have occurred in the facts as previously set forth.

32. The defendants thus have violated and continue to violate Section 13(d) and the rules promulgated thereunder.

33. Citadel has no adequate remedy at law.

WHEREFORE, plaintiff demands judgment against defendants as follows:

1. On the First and Second Causes of Action, granting Citadel temporary, preliminary and permanent injunctive relief against defendants, and their directors, officers, partners, employees, agents, subsidiaries, and affiliates, and all other persons or entities acting in concert with or on behalf of defendants (collectively, "Defendants"), directly or indirectly, as follows:

(a) an order forbidding Defendants from soliciting any proxies or consents related to Citadel Shares until each of the Defendants has disclosed the material information which has been omitted from, and corrected the information misstated in, the 13D Schedule and amendments thereto;

(b) an order prohibiting the voting of any Citadel Shares pursuant to any proxy granted or which may be granted pursuant to Defendants' proxy solicitation prior to the date 10 days following public dissemination, by press release and mailing to all Citadel shareholders solely at Defendants' expense, of the corrective disclosures referred to above;

(c) an order prohibiting the use, in any way whatsoever, of any consents to Citadel shareholder action without a meeting granted pursuant to the Defendants' proxy solicitation prior to the date 10 days following public dissemination, by press release and mailing to Citadel shareholders solely at Defendants' expense, of the corrective disclosures referred to above;

(d) an order enjoining each of the Defendants from acquiring or attempting to acquire any further Citadel Shares until ten days after Defendants have disclosed the material information omitted from, and corrected the information misstated in, their Schedule 13D and amendments;

(e) an order enjoining each of the Defendants from exercising all voting rights, whether in person or by proxy, appertaining to Citadel Shares acquired by them during the period of time that they had failed to make disclosures required by, or had made disclosures which were materially inaccurate or deficient pursuant to, Section 13(d) of the Exchange Act (March 1993 to the present);

(f) an order enjoining each of the Defendants from exercising or attempting to exercise any influence or control over the business or management of Citadel until amended 13Ds are filed disclosing all material information omitted from the prior 13Ds and amendments and correcting all misstatements in the 13Ds and amendments;

(g) an order enjoining each of the Defendants from using or attempting to use any Citadel Shares as a means of controlling or affecting the management of Citadel;

(h) an order prohibiting Defendants from making any false or misleading public statements regarding Citadel or Citadel Shares;

(i) an order prohibiting Defendants from taking or attempting to take any other steps in furtherance of their unlawful scheme; and

(j) an order prohibiting Defendants from soliciting or arranging for the solicitation of orders to buy or sell any Citadel Shares.

2. On the First and Second Causes of Action, directing defendants in this action to comply with the requirements of Section 13(d) of the Exchange Act and to file a complete and truthful Schedule 13D statement;

3. Declaring and decreeing that Citadel is entitled to refuse to transfer on its books any stock purchased by or for Defendants pursuant to their unlawful plan, scheme, and course of conduct or to recognize the vote with respect to any such stock purchased by Defendants;

4. Granting Citadel its costs and disbursements, including reasonable attorneys' fees in this action; and

5. Granting Citadel such other and further relief as the Court deems just and proper.

DATED: November 16, 1994

GIBSON, DUNN & CRUTCHER
RICHARD P. LEVY
KEVIN S. ROSEN

LINCOLN D. BANDLOW

By: /s/ Kevin S. Rosen
Kevin S. Rosen

Attorneys for Plaintiff
Citadel Holding Corporation