UNITED STATES OF AMERICA
Before The
OFFICE OF THRIFT SUPERVISION, DEPARTMENT OF THE TREASURY

In the Matter of	)	
	)	**OTS Order No.** NE94-8
JAMES J. CONWAY, JR.,	)	
	)	**Date:** February 24, 1994
a former trustee and officer of The Long Island Savings Bank, FSB, Syosset, New York	)	

CONSENT ORDER OF PROHIBITION; AND CONSENT CEASE-AND-DESIST ORDER REQUIRING RESTITUTION AND OTHER AFFIRMATIVE ACTION

WHEREAS, in accordance with the Home Owners' Loan Act ("HOLA"), the Office of Thrift Supervision ("OTS") regulates and supervises THE LONG ISLAND SAVINGS BANK, FSB ("LONG ISLAND SAVINGS"), having its home office in Syosset, New York, which, since 1982, has been a federally chartered mutual savings bank whose deposit accounts have been subject to federal deposit insurance;[1] and

WHEREAS, prior to the enactment of the Financial Institutions Reform, Recovery and Enforcement Act of 1989 ("FIRREA"), Pub. L. No. 101-73, 103 Stat. 183 (Aug. 9, 1989), LONG ISLAND SAVINGS had been regulated by the OTS' predecessor, the Federal Home Loan Bank Board ("FHLBB"); and

WHEREAS, JAMES J. CONWAY, JR., from December 1982 through May 1992, served as the Chairman of the Board of Trustees and the Chief Executive Officer of LONG ISLAND SAVINGS; and

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1. LONG ISLAND SAVINGS in its present form is the successor, through merger, of The Long Island Savings Bank, F.S.B., Syosset, New York, and The Long Island Savings Bank of Centereach, F.S.B.

WHEREAS, the OTS has conducted an investigation pursuant to OTS Resolution NE93-5 dated February 12, 1993 (the "Investigation") concerning the affairs of LONG ISLAND SAVINGS; and

WHEREAS, as a result of the Investigation, the OTS has found that, during 1983 through 1989, JAMES J. CONWAY, JR., without making required disclosures to LONG ISLAND SAVINGS, its mutual members and the FHLBB, directly and indirectly received substantial payments from a Long Island-based law firm (the "Law Firm")[2] that served as the exclusive provider of mortgage loan closing services for LONG ISLAND SAVINGS, and, LONG ISLAND SAVINGS incurred legal expenses exceeding $1 million in connection with the failure to make the disclosures described above; and

WHEREAS, based on its findings from the Investigation, the OTS has concluded, inter alia, that JAMES J. CONWAY, JR. engaged in violations of federal conflict-of-interest and disclosure regulations, participated in conflicts of interest constituting an unsafe or unsound practice within the meaning of 12 C.F.R. § 571.7, and breached his fiduciary duty owed to LONG ISLAND SAVINGS; and

WHEREAS, the OTS is of the opinion that the grounds exist for it to seek administrative relief against JAMES J. CONWAY, JR., pursuant to Sections 8(e) and 8(b) of the Federal Deposit Insurance Act ("FDIA"), 12 U.S.C. §§ 1818(e) and 1818(b), and other applicable federal law; and

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2. Mr. Conway and two family members, all of whom are admitted to practice law in New York, maintained a controlling ownership interest in the Law Firm, which was organized as a professional corporation.

WHEREAS, JAMES J. CONWAY, JR., while neither admitting nor denying the OTS' findings and conclusions, and solely for the purpose of resolving these matters in accordance with Rule 408 of the Federal Rules of Evidence, has stipulated and consented to the issuance of this Order by executing the attached Stipulation and Consent, the terms of which are hereby incorporated into this Order by this reference.

NOW THEREFORE, the Director of OTS, pursuant to 12 U.S.C. §§ 1818(e) and 1818(b), HEREBY ORDERS that:

1. JAMES J. CONWAY, JR. is prohibited from participating in any manner in the conduct of the affairs of LONG ISLAND SAVINGS, and is and shall be subject to the prohibitions of paragraphs (6) and (7) of Section 8(e) of the FDIA, 12 U.S.C. §§ 1818(e)(6), (7). By virtue of such statutory prohibitions, JAMES J. CONWAY, JR. shall not:

> (A) participate in any manner in the conduct of the affairs of any institution or agency specified in 12 U.S.C. § 1818(e)(7)(A) (the "Paragraph (7)(A) Institutions," including but not limited to insured depository institutions and the subsidiaries and holding companies thereof), except upon the prior written consent of the appropriate Federal financial institutions regulatory agencies pursuant to 12 U.S.C. § 1818(e)(7)(B);
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> (B) solicit, procure, transfer, attempt to transfer, vote or attempt to vote any proxy, consent or authorization with respect to any voting rights in any Paragraph (7)(A) Institution;
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> (C) violate any voting agreement previously approved by the appropriate Federal banking agency; or
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> (D) vote for a director, or serve or act as an institution-affiliated party, as that term is defined at 12 U.S.C. § 1813(u).

2. JAMES J. CONWAY, JR., for the purpose of making restitution and providing reimbursement pursuant to 12 U.S.C. § 1818(b)(6), shall pay One Million Three Hundred Thousand Dollars ($1,300,000.00) to LONG ISLAND SAVINGS no later than forty (40) days from the effective date of this Order. JAMES J. CONWAY, JR. shall make said payment by delivering to the President of LONG ISLAND SAVINGS a certified check or cashier's check in the aforesaid amount payable to the order of The Long Island Savings Bank, FSB, accompanied by a letter explaining that the payment is being made in accordance with the requirements of this Order. JAMES J. CONWAY, JR. shall deliver to the OTS a true copy of said check and letter at the same time that the originals thereof are delivered to LONG ISLAND SAVINGS.

3. This Order shall be and is effective upon service on counsel for JAMES J. CONWAY, JR.

SO ORDERED on this 24th day of February, 1994.

OFFICE OF THRIFT SUPERVISION

By: /s/
Angelo A. Vignali
Regional Director, Northeast Region

UNITED STATES OF AMERICA
Before The
OFFICE OF THRIFT SUPERVISION, DEPARTMENT OF THE TREASURY

In the Matter of JAMES J. CONWAY, JR., a former trustee and officer of The Long Island Savings Bank, FSB, Syosset, New York	Re: OTS Order No. NE94-8 Date: February 24, 1994

STIPULATION AND CONSENT

This Stipulation and Consent is entered into by and between JAMES J. CONWAY, JR. and the OFFICE OF THRIFT SUPERVISION ("OTS"), an office within the United States Department of the Treasury, whose acceptance of this Stipulation and Consent is indicated by issuance of the accompanying order identified as CONSENT ORDER OF PROHIBITION; AND CONSENT CEASE-AND-DESIST ORDER REQUIRING RESTITUTION AND OTHER AFFIRMATIVE ACTION (the "Order").

R E C I T A L S

WHEREAS, the OTS examines, supervises and regulates THE LONG ISLAND SAVINGS BANK, F.S.B. ("LONG ISLAND SAVINGS"), which has its home office in Syosset, New York, and in its current form is the result of the recent merger of The Long Island Savings Bank, F.S.B., Syosset, New York, with its former subsidiary, The Long Island Savings Bank of Centereach, F.S.B., Centereach, New York; and

WHEREAS, the OTS, based upon information derived from its formal examination and investigation concerning LONG ISLAND SAVINGS (the "Investigation"), which was authorized by OTS Resolution No. NE93-5, and other exercises of its regulatory responsibilities, is of the opinion that the grounds exist to

commence an administrative proceeding against JAMES J. CONWAY, JR. for the issuance of administrative orders, pursuant to Sections 8(e) and 8(b) of the Federal Deposit Insurance Act ("FDIA"), 12 U.S.C. §§ 1818(e), 1818(b), and Section 5(d) of the Home Owners' Loan Act ("HOLA"), each as amended by, inter alia, the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 ("FIRREA"), Pub. L. No. 101-73, 103 Stat. 183; and

WHEREAS, JAMES J. CONWAY, JR. desires to cooperate with the OTS and to avoid the time and expense of administrative litigation with the OTS.

NOW, THEREFORE, for the purposes of this settlement only, JAMES J. CONWAY, JR. without either admitting or denying the factual findings and legal conclusions reached by the OTS or that the grounds exist for the aforesaid administrative proceeding, except those set forth in Paragraph 2. Jurisdiction, and Paragraph 4. Finality, below, hereby stipulates and agrees as follows:

1. Consideration. JAMES J. CONWAY, JR. hereby stipulates and agrees to the terms of this Stipulation and Consent and to issuance of the Order in consideration for OTS forever releasing and discharging JAMES J. CONWAY, JR. from all potential claims and charges that have been or might have been asserted by the OTS arising out of facts known to the OTS or discovered by the OTS prior to issuance of the Order as a result of the Investigation, which facts are summarized in the Order.

2. Jurisdiction.

(a) It is stipulated and agreed that: (i) the OTS is the regulatory successor-in-interest to the Federal Home Loan Bank Board, and is an appropriate Federal banking agency authorized to issue the Order pursuant to 12 U.S.C. §§ 1818(e) and 1818(b); and (ii) LONG ISLAND SAVINGS is (x) a "Federal savings association," as that term is defined at 12 U.S.C. §§ 1462(5) and 1813(b)(2), and (y) an "insured depository institution," as that term is defined at 12 U.S.C. § 1813(c)(2).

(b) JAMES J. CONWAY, JR. acknowledges that: (i) from December 1982 through June 1992, he served as the Chairman of the Board of Trustees and the Chief Executive Officer of LONG ISLAND SAVINGS; and (ii) by virtue of such positions he had been (x) a director and officer of LONG ISLAND SAVINGS for purposes of Section 5(d) of the pre-FIRREA HOLA (formerly codified at 12 U.S.C. § 1464(d)), and (y) since the enactment of FIRREA on August 9, 1989, he had been an "institution-affiliated party" of LONG ISLAND SAVINGS, within the meaning of Section 3(u) of the FDIA, 12 U.S.C. § 1813(u).

(c) JAMES J. CONWAY, JR. further acknowledges that his resignation and separation from LONG ISLAND SAVINGS, less than six years ago, has not affected the jurisdiction and authority of the OTS to take administrative action against him under Section 8 of the FDIA, due to the operation of 12 U.S.C. § 1818(i)(3).

3. Consent. JAMES J. CONWAY, JR. consents to the jurisdiction of the OTS and to issuance of the Order. JAMES J. CONWAY, JR. agrees to comply with the terms of the Order, and he

stipulates that the Order, which is remedial, complies with all requirements of law.

4. Finality. The Order is issued by the OTS under the authority of 12 U.S.C. §§ 1818(e) and 1818(b). JAMES J. CONWAY, JR. acknowledges and understands that, upon issuance, the Order will be a final order that is effective and fully enforceable by the OTS under provisions of federal law, including Section 8(i) of the FDIA, 12 U.S.C. § 1818(i). JAMES J. CONWAY, JR. also understands that a violation of the Order could subject him to the sanctions imposed by 12 U.S.C. § 1818(j).

5. Waivers. JAMES J. CONWAY, JR., following consultation with his counsel, hereby waives the following legal rights:

(1) the right to be served with a written notice of charges, notice of intention to prohibit or other similar notice pursuant to provisions of Sections 8(e) and 8(b) of the FDIA (12 U.S.C. §§ 1818(e) and 1818(b)), and other applicable law;

(2) the right to an administrative adjudicatory hearing of the OTS' charges against him;

(3) the right to seek judicial review of the Order, including (but not limited to) any such right provided by Section 8(h) of the FDIA (12 U.S.C. § 1818(h)) or otherwise to challenge the validity of the Order; and

(4) any claims for attorneys' fees or expenses under the Equal Access to Justice Act, 5 U.S.C. § 504.

6. No Effect on Actions by Others.

(a) This Stipulation and Consent, the Order and the payment by JAMES J. CONWAY, JR. of any monies or providing any other financial relief as contemplated by the Order, does not release, discharge, compromise, settle, dismiss or resolve, or in any way affect any actions, charges against, or liability of JAMES J. CONWAY, JR. that may be brought by (x) by LONG ISLAND SAVINGS,

or (y) any governmental entity other than the OTS, whether arising due to the findings of the OTS or otherwise.

(b) JAMES J. CONWAY, JR. acknowledges and agrees that this Stipulation and Consent and the OTS' issuance of the Order are not intended to and do not resolve, affect or preclude any other proceedings, civil or otherwise, that may be or have been brought against JAMES J. CONWAY, JR. (i) by the OTS (except as otherwise specifically provided by the release at paragraph 1 hereof) or (ii) any other governmental entity.

7. Communications.

(a) The OTS may send written notices and other communications to JAMES J. CONWAY, JR., care of his counsel:

Thomas P. Puccio, Esq.
Law Offices of Thomas P. Puccio
277 Park Ave.
New York, New York 10172-0030

(b) All communications required or permitted to be sent by JAMES J. CONWAY, JR. to the OTS shall be sent to:

Angelo A. Vigna, Regional Director
Office of Thrift Supervision
10 Exchange Place, 18th Floor
Jersey City, New Jersey 07302

with a copy also sent to the OTS' enforcement counsel, as follows:

Steven A. Rosenberg, Esq.
Senior Enforcement Counsel
Office of Thrift Supervision
10 Exchange Place, 18th Floor
Jersey City, New Jersey 07302

8. Miscellaneous.

(a) The construction and validity of this Stipulation and Consent and the Order shall be governed by the laws of the United States of America.

(b) All references to the OTS in this Stipulation and Consent and the Order shall also mean any of the OTS' predecessors, successors, and assigns.

(c) All references to JAMES J. CONWAY, JR. shall also mean his heirs, successors and assigns.

(d) The section and paragraph headings in this Stipulation and Consent and the Order are for convenience only, and such headings shall not affect the interpretation of this Stipulation and Consent and the Order.

(e) The terms of this Stipulation and Consent and the Order represent the final written agreement of the parties with respect to the subject matters hereof, and constitutes the sole agreement of the parties with respect to such subject matters. The terms of this Stipulation and Consent and the Order may not be amended except by a written document executed by JAMES J. CONWAY, JR. and the OTS, by and through its Director (or an appropriate designee).

(f) This Stipulation and Consent shall become effective upon acceptance by the OTS, which acceptance shall be indicated by its issuance of the Order.

WHEREFORE, JAMES J. CONWAY, JR. on this 9th day of February, 1994, duly signs this Stipulation and Consent.

/s/

JAMES J. CONWAY, JR.

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