

further desires to avoid the time and expense of defending administrative enforcement proceedings commenced by the OTS pursuant to the NOTICE. Although RESPONDENT neither admits nor denies the assertions of fact and allegations of unsafe and unsound practices and violations of law, rules and regulation set forth in the NOTICE, as they apply to RESPONDENT, RESPONDENT hereby stipulates and agrees to the provisions, terms, and conditions set forth herein, and in the accompanying Consent Order ("ORDER"), in consideration of the agreement of the OTS to dismiss the administrative proceeding against the RESPONDENT commenced by the NOTICE.

3. RESPONDENT agrees that, at the OTS's request, on reasonable notice and without service of a subpoena, he will provide discovery and testify truthfully at any deposition and at any judicial or administrative proceeding related to the NOTICE and in any investigation, litigation or other proceeding maintained by the OTS relating to Charter Federal Savings and Loan Association, Stamford, Connecticut ("Charter Federal"), its subsidiaries and its institution-affiliated parties, except that RESPONDENT does not waive his privilege against self-incrimination under the Fifth Amendment of the United States Constitution. If RESPONDENT invokes his privilege against self-incrimination under the Fifth Amendment of the United States Constitution with respect to any matter about which the OTS inquires or the production of any document requested by the OTS and the OTS obtains a grant of immunity pursuant to 18 U.S.C. § 600 et seq., RESPONDENT agrees, consistent with any such

grant of immunity, to provide discovery and testify truthfully at any deposition and at any judicial, administrative or investigative proceeding on the matter for which immunity is given.

JURISDICTION

4. Charter Federal was a "savings association" within the meaning of Section 3 of the FDIA and Section 2 of the HOLA, 12 U.S.C. §§ 1813(b) and 1462 (Supp. II 1990). Accordingly, it was an "insured depository institution" as that term is defined in Section 3(c) of the FDIA, 12 U.S.C. § 1813(c) (Supp. II 1990).

5. **RESPONDENT**, as a former officer and director of Charter Federal, is an "institution-affiliated party", as that term is defined in Section 3(u) of the FDIA, 12 U.S.C. § 1813(u) (Supp. II 1990).

6. Pursuant to Section 3(q) of the FDIA, 12 U.S.C. § 1813(q) (Supp. II 1990), the OTS is the "appropriate Federal banking agency" to maintain enforcement proceedings against such a savings association or its institution-affiliated parties. Therefore, **RESPONDENT** is subject to the authority of the OTS to initiate and maintain administrative cease and desist and prohibition proceedings against **RESPONDENT**, pursuant to Section 5(d)(1)(A) of the HOLA, 12 U.S.C. § 1464(d)(1)(A) and Sections 8(b) and 8(e) of the FDIA, 12 U.S.C.A. §§ 1818(b) and (e).

CONSENT

7. **RESPONDENT** consents to the issuance by the OTS of the accompanying **ORDER**. Further, **RESPONDENT** agrees to comply with the terms, provisions, and conditions of the **ORDER** upon its

issuance, and RESPONDENT stipulates that the ORDER complies with all applicable requirements of law.

FINALITY

8. The ORDER is issued pursuant to Sections 8(b) and 8(e) of the FDIA, 12 U.S.C.A. §§ 1818(b) and 8(e). Upon its issuance by the OTS, the ORDER shall be a final order, effective and fully enforceable by the OTS, its successor(s), or an appropriate Federal banking agency pursuant to the provisions of Section 8(i) of the FDIA, 12 U.S.C.A. § 1818(i) (West 1989 and Supp. 1992).

WAIVERS

9. RESPONDENT waives his right to the administrative hearing provided by Sections 8(b) and 8(e) of the FDIA, 12 U.S.C.A. §§ 1818(b) and (e). Further, RESPONDENT agrees not to challenge the validity of this Stipulation and Consent to Issuance of Order to Cease and Desist and Order of Prohibition ("STIPULATION and CONSENT") or the ORDER. Additionally, RESPONDENT waives his right to seek judicial review of this STIPULATION and CONSENT or the ORDER, including any such right provided by Section 8(h) of the FDIA, 12 U.S.C. § 1818(h) (Supp. II 1990).

OTHER ACTIONS, PROCEEDING AND PARTIES

10. This STIPULATION and CONSENT, the ORDER, RESPONDENT'S payment of restitution contemplated as part of the ORDER, RESPONDENT'S compliance with the ORDER, and the forbearance of the OTS to initiate and maintain administrative proceedings against RESPONDENT settle only the charges set forth in the NOTICE,

as they pertain to **RESPONDENT**, and any potential charges that the **OTS** could bring against **RESPONDENT** based upon, or arising from, **RESPONDENT'S** conduct as an institution-affiliated party of Charter Federal, as that term is defined in Section 3(u) of the FDIA.

11. This **STIPULATION and CONSENT**, the **ORDER**, and **RESPONDENT'S** compliance with the **ORDER**, do not compromise, settle, dismiss, resolve, or in any way affect:

a. any charges or potential actions based upon or arising from the transactions described in the **NOTICE**, or any other transactions, as they might pertain to any entity or person other than **RESPONDENT**, against whom the **OTS** expressly reserves its rights to initiate and maintain administrative proceedings;

b. any civil or criminal claims, actions, or charges against or liability of **RESPONDENT** or any other individual or entity asserted by any governmental entity other than the **OTS**;

c. any claims or action that may be brought against **RESPONDENT** by any individual or entity other than the **OTS**, or any claims or actions that may be brought against **RESPONDENT** by an individual or entity named as a party, respondent, or defendant in an action brought by any governmental entity.

12. In any bankruptcy proceeding in which it is or may be contended that **RESPONDENT'S** obligation to make the payment of restitution pursuant to the **STIPULATION AND CONSENT** and the **ORDER** is subject to discharge, **RESPONDENT** will in no manner contest **OTS'S** assertions, under 11 U.S.C. § 523(a)(11) (Supp. II 1990) or otherwise, that the obligation is for, and the **ORDER** arises out of,

acts that result in claims not dischargeable in bankruptcy in any circumstances, pursuant to any of the provisions of the United States Bankruptcy Code.

13. The OTS agrees that, if RESPONDENT is abiding by the terms of the ORDER providing for restitution by the RESPONDENT, the OTS or its successor in interest will not bring an action to execute on the judgment against RESPONDENT obtained by the OTS pursuant to the ORDER. Furthermore, in any execution of said judgment, the OTS will not seek foreclosure upon real property and improvements thereon that constitute the primary residence of RESPONDENT or any member of RESPONDENT'S immediate family, provided that RESPONDENT has less than \$100,000 equity in said residence.

WHEREFORE, in consideration of the foregoing and intending to be legally bound hereby, the OFFICE OF THRIFT SUPERVISION, by and through its Director, Timothy Ryan, and RESPONDENT intentionally and knowingly execute this STIPULATION and CONSENT.

Approved as to form
and content:

/S/

John L. Altieri, Jr, Esq.
Attorney for RESPONDENT

/S/

Michael G. Morgan
RESPONDENT

Signed this ___ day of _____, 1992

OFFICE OF THRIFT SUPERVISION

/S/

BY: Timothy Ryan, Director
OFFICE OF THRIFT SUPERVISION

BY: Jonathan Fiechter, Acting Director

Signed this ___ day of _____, 1992

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

In the Matter of)
Michael G. Morgan)
A Former Officer and)
Director of Charter Federal)
Savings and Loan Association)
Stamford, Connecticut)

Re: Resolution No. OTS AP 93-7
Dated: January 19, 1993

CONSENT ORDER

WHEREAS, Michael G. Morgan ("RESPONDENT") has executed a Stipulation and Consent to Issuance of Consent Order ("STIPULATION and CONSENT"), which is accepted and approved by the Office of Thrift Supervision ("OTS"), acting by and through its Director, Timothy Ryan; and

WHEREAS, RESPONDENT, in the STIPULATION and CONSENT, has agreed and consented to the issuance of this Consent Order pursuant to Sections 8(b) and 8(e) of the Federal Deposit Insurance Act ("FDIC"), 12 U.S.C.A. §§ 1818(b) and (e) (West 1989 and Supp. 1992);

WHEREAS, on _____, pursuant to OTS Order No. _____, the OTS approved and issued a Notice of Charges and Hearing to Direct Restitution and other Appropriate Relief and Notice of Intention to Prohibit RESPONDENT from participating in the conduct of the affairs of federally insured depository institutions ("NOTICE");

WHEREAS, RESPONDENT neither admits nor denies the assertions of fact or allegations of unsafe and unsound practices and violations of law, rules and regulations set forth in the STIPULATION and CONSENT as such pertain and apply to RESPONDENT;

NOW, THEREFORE, IT IS ORDERED that:

1. The STIPULATION and CONSENT, attached hereto, is made a part hereof and is incorporated herein by reference.

2. RESPONDENT shall cease and desist from:

a. committing, or aiding and abetting the commitment of, unsafe and unsound practices and violations of laws, rules and regulations set forth in the NOTICE; and

b. committing, or aiding and abetting the commitment of, any unsafe and unsound practice or any violation of any law, regulation, rule or condition imposed in writing by a Federal regulatory banking agency in connection with the conduct of the business of any federally insured financial institution set forth in Section 8(e)(7)(A) of the FDIA, 12 U.S.C. § 1818(e)(7)(A) (Supp. II 1990) ("insured institution").

RESTITUTION

3. Based upon his sworn statement of financial condition and other relevant factors, including his desire and willingness to cooperate with the OTS and to reimburse Charter Federal Savings and Loan Association, Stamford, Connecticut against loss:

a. RESPONDENT shall execute the annexed consent judgment in the amount of \$300,000 to correct the conditions alleged to have resulted from the unsafe and unsound practices and

violations of law, regulations and rules set forth against the **RESPONDENT** in the **NOTICE**. The **OTS** may record the judgment against **RESPONDENT** but will not execute upon such judgment so long as **RESPONDENT** complies with the payment schedule set forth in Subparagraph 3.c. below.

b. In addition to the judgment, **RESPONDENT** also agrees to pay the further sum of \$1,500,000 pursuant to the schedule set forth in Subparagraph 3.c. This payment obligation is a personal obligation of the **RESPONDENT** and upon his death will not be an obligation of his estate.

c. To discharge the judgment and payment obligation specified above, **RESPONDENT** shall make annual payments to the **OTS**, or its successor, or to any entity that they may designate, on each anniversary date of the issuance of the **ORDER** according to the following schedule, until the amounts of \$300,000 and \$1,500,000 are paid:

- (1) five percent (5%) of **RESPONDENT'S** gross income (as defined in the Internal Revenue Code) for the most recent calendar year of \$25,000 to \$50,000;
- (2) ten percent (10%) of **RESPONDENT'S** gross income of 50,001 to \$100,000;
- (3) twenty percent (20%) of **RESPONDENT'S** adjusted gross income of \$100,001 to \$200,000;
- (4) thirty percent (30%) of the amount by which **RESPONDENT'S** adjusted gross income (as defined in the Internal Revenue Code) exceeds the sum of

\$200,000 plus the amount of Federal and state income taxes (including FICA) payable by RESPONDENT with respect to that adjusted gross income.

FINANCIAL DISCLOSURE

4. Prior to the issuance of this ORDER, RESPONDENT provided the OTS with the financial disclosure set forth in paragraph 5 below, which was accompanied by his sworn affidavit attesting to the accuracy of his financial disclosure. This disclosure and the accompanying affidavit was expressly relied upon by the OTS in agreeing to enter into the STIPULATION and CONSENT and the ORDER. The information contained in the disclosure demonstrated that the RESPONDENT presently has a negative or insubstantial net worth.

5. The financial disclosure of the RESPONDENT included (a) a current sworn statement of financial condition as of _____, 19____, (b) copies of individual income tax returns for calendar years 1988, 1989, 1990, and 1991 and (c) statements detailing each transfer of assets during the period August 1, 1989, through August 1, 1992, made between, to or from the RESPONDENT, his or her spouse, former spouse or any child, including emancipated children, with a total aggregate market value per transfer of \$10,000 or more. The statements of financial condition were required to truthfully and accurately disclose all assets, liabilities, and net worth of the RESPONDENT. The assets and transfers disclosed included those to which the RESPONDENT or members of his immediate family held, conveyed or received legal,

equitable, or beneficial title or interest, whether such title or interest is liquidated, inchoate or contingent.

6. The RESPONDENT shall, within 15 days of the entry of the ORDER, either (a) provide a sworn affidavit under penalty of perjury stating that the previously submitted financial disclosure described in paragraph 5 is still true and correct or, in the alternative, (b) submit financial disclosure, updated to the date of this ORDER, of the nature described in paragraph 5 above, accompanied by a sworn affidavit under penalty of perjury that the information contained in such updated financial disclosure is true and correct.

7. Until such time as the amounts set forth in paragraph 3 above are fully paid and satisfied, RESPONDENT shall submit, on the anniversary of the issuance of the ORDER, to the OTS, on such terms and conditions as the OTS or its successor may hereafter require from RESPONDENT, the following additional financial disclosure accompanied by a sworn affidavit under penalty of perjury of the RESPONDENT stating that the accompanying financial disclosure is true and correct:

a. a current statement of the financial condition, as of the most recent calendar year-end, of the RESPONDENT, including consolidated statements of the financial condition of RESPONDENT and other parties and a statement of the financial condition of any entity in which RESPONDENT held legal, equitable or beneficial title or interest of a 25 percent or greater share;

b. copies of the most recently filed income tax returns of the RESPONDENT or any nominee of the RESPONDENT;

c. a statement setting forth all transfers since the date of the previous financial disclosure made to or from the RESPONDENT or his or her spouse or dependent children from any source that singularly, or when aggregated with other payments from the same source, exceed in market value \$10,000 along with a statement setting forth the nature of each such transfer; and

d. a statement of all assets of any nature whatsoever, including gifts and bequests, received by the RESPONDENT since the date of the previous financial disclosure made by the RESPONDENT, the market value of which exceed by \$10,000 or more the amount of any consideration paid by the RESPONDENT for the asset. The assets, liabilities and transfers that must be disclosed pursuant to this paragraph shall include all assets, liabilities and transfers of the nature described in paragraph 5.

8. Solely for the purpose of assessing the accuracy of representations made by the RESPONDENT in the financial disclosure required under the ORDER, the RESPONDENT shall, upon reasonable notice and without service of a subpoena or other process, permit the OTS to inspect and copy all books, records, receipts and documentation of any nature whatsoever that he maintains or are under his control that support, document or in any way relate to such financial disclosure. The OTS may not request such inspection more than once a year.

PROHIBITION

9. **RESPONDENT** shall not hold any office in or participate in any manner in the conduct of the affairs of institution(s) or other entity(ies), as set forth in Section 8(e)(7)(A) of the FDIA, 12 U.S.C. § 1818(e)(7)(A), without the prior written approval of the Director of OTS, or his designee, and, if appropriate, the approval of other Federal financial institutions regulatory agency(ies). Pursuant to Section 8(e)(6) of the FDIA, 12 U.S.C. § 1818(e)(6) (Supp. II 1990), conduct prohibited by this **ORDER** includes, inter alia, the solicitation, transfer, or exercise of any voting rights with respect to any securities issued by any insured institution or voting for a director of an insured institution or acting as an institution-affiliated party.

MISCELLANEOUS

10. In any bankruptcy proceeding in which it is or may be contended that **RESPONDENT'S** obligation to make the payment of restitution pursuant to the **STIPULATION AND CONSENT** and the **ORDER** is subject to discharge, **RESPONDENT** will in no manner contest OTS's assertions, under 11 U.S.C. § 523(a)(11) (Supp. II 1990) or otherwise, that the obligation is for, and the **ORDER** arises out of, acts that result in claims not dischargeable in bankruptcy in any circumstances, pursuant to any of the provisions of the United States Bankruptcy Code.

11. All payments by **RESPONDENT** required by paragraph 3 of this **ORDER** shall be delivered to:

Comptroller
Office of Thrift Supervision
U.S. Treasury Department
1700 G Street, N.W.
Washington, DC 20552

or as otherwise directed by the OTS or its successor in interest.

12. Any financial disclosure by **RESPONDENT** required by this **ORDER** shall be delivered to:

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

or as otherwise directed by the OTS or its successor in interest.

13. In consideration of **RESPONDENT's** agreement to comply with this **ORDER**, and, inter alia, the recitals set forth in the **STIPULATION and CONSENT**, the OTS agrees to (i) dismiss the above-captioned enforcement proceeding against **RESPONDENT** and (ii) forebear from bringing any further enforcement proceedings against the **RESPONDENT** based upon, or arising from, **RESPONDENT's** conduct as an institution-affiliated party of Charter Federal, as that term is defined in Section 3(a) of the FDIA, 12 U.S.C. § 1813(a) (Supp. II 1990).

14. **RESPONDENT's** obligation to reimburse against loss under paragraph 3 of this **ORDER** is his sole and separate obligation and will not be reduced by payments made to any entity other than the OTS or its successor by or on behalf of the **RESPONDENT**, and will not be reduced or subject to an off-set as a result of any payment made by or on behalf of any other person or entity.

15. This **ORDER** is subject to the provisions of Section 8(j) of the FDIA, 12 U.S.C. § 1818(j) (Supp. II 1990).

16. This ORDER shall become effective on the date it is issued.

Approved as to form and content:

/S/

John L. Altieri, Jr., Esq.
Attorney for RESPONDENT

THE OFFICE OF THRIFT SUPERVISION

/S/

BY: TIMOTHY RYAN, DIRECTOR
OFFICE OF THRIFT SUPERVISION

BY: Jonathan Fiechter
Acting Director