

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

In the Matter of

SUMNER GLADSTONE,  
GEORGE E. CAIN, and  
ANTHONY F. DELAPA,

institution-affiliated  
parties of Home Federal  
Savings Bank, Worcester,  
Massachusetts

Case No. OTS AP 91-62, 63, 64

Re: OTS Order No. NE92-25

Date: March 19, 1992

STIPULATION AND CONSENT OF SUMNER GLADSTONE  
TO ISSUANCE OF FINAL AGENCY ORDERS

This Stipulation and Consent is made by and between the Office of Thrift Supervision ("OTS"), a bureau within the United States Department of the Treasury, and SUMNER GLADSTONE, an individual who is represented by the law firm of Cullen & Butters, One Beacon Street, 13th Floor, Boston, Massachusetts.

RECITALS AND CONSIDERATION

WHEREAS, the OTS, in the exercise of authority conferred by the Federal Deposit Insurance Act ("FDIA") and the Home Owners' Loan Act ("HOLA") has commenced the above-captioned adjudicatory proceeding (the "Administrative Proceeding") by issuing a NOTICE OF CHARGES FOR CEASE-AND-DESIST ORDERS AND TO DIRECT RESTITUTION AND OTHER APPROPRIATE RELIEF; NOTICE OF INTENTION TO PROHIBIT; NOTICE OF ASSESSMENT OF CIVIL MONEY PENALTIES; AND NOTICE OF HEARING (the "Notice of Charges"), which has been served on SUMNER GLADSTONE; and

WHEREAS, the Notice of Charges contains a written notice of

the OTS's intention to seek final agency orders against SUMNER GLADSTONE pursuant to Section 8 of the FDIA and Section 10(i)(2) of the HOLA (12 U.S.C.A. §§ 1818, 1467a(i)(2)); and

WHEREAS, SUMNER GLADSTONE, to avoid the time and expense of administrative litigation, and without either admitting or denying that the grounds alleged in the Notice of Charges exist, now wishes to settle the OTS's charges against him, and is willing to stipulate and consent to the issuance by the OTS of the attached final agency order captioned as ORDER OF PROHIBITION; ORDER TO CEASE AND DESIST DIRECTING AFFIRMATIVE ACTION; and FINAL ASSESSMENT OF CIVIL MONEY PENALTIES ISSUED TO SUMNER GLADSTONE (the "Order").

NOW, THEREFORE, in consideration of the foregoing premises, the parties hereto agree to the terms of this Stipulation and Consent.

1. Jurisdiction. SUMNER GLADSTONE acknowledges that, within the last six years, he has been a director and officer of Home Federal Savings Bank ("Home Federal"), Worcester, Massachusetts. SUMNER GLADSTONE further acknowledges that, by virtue of such relationships with Home Federal, he may be deemed to have been an "institution-affiliated party" of Home Federal within the meaning of the FDIA and the HOLA. SUMNER GLADSTONE further acknowledges and agrees that the OTS, as the appropriate Federal banking agency, is authorized to issue the Order pursuant to Sections 8(b) and 8(e) of the FDIA and Section 10(i)(2) of the HOLA (12 U.S.C.A. §§ 1818(b), 1818(e), 1467a(i)(2) (West 1989 & Supp. 1991)).

2. Consent. SUMNER GLADSTONE stipulates and consents to issuance of the Order, and agrees to comply with ~~the~~ its terms. The foregoing stipulation, consent, and agreement by SUMNER GLADSTONE is in consideration of the OTS's settlement that is described below. The OTS hereby stipulates and agrees that issuance of the Order settles, compromises and resolves the above-captioned proceeding and any and all administrative and civil actions that may be, or have been, brought by the OTS against SUMNER GLADSTONE with respect to matters that: (i) are alleged in the Notice of Charges; (ii) are currently known by the OTS as of the date of the Order, as set forth in federal reports of examination of Home Federal; (iii) have been the subject of investigation by the OTS during the course of the OTS's formal examination proceeding concerning the ownership and affairs of Home Federal (No. BOS 90-2); or (iv) relate to OTS Temporary Order No. AP 91-64.

3. No Effect on Actions by Other Agencies.

(a) This Stipulation and Consent, the Order and the payment by SUMNER GLADSTONE of any monies or providing any other financial relief as contemplated by the Order, does not compromise, settle, dismiss, resolve, or in any way affect any civil actions, charges against, or liability of SUMNER GLADSTONE that arise pursuant to this action or otherwise, and that may be or have been brought by the Resolution Trust Corporation or any other governmental entity other than the OTS.

(b) SUMNER GLADSTONE acknowledges and agrees that this proceeding, the assessment or payment of the penalty contemplated

as part of the resolution thereof, and SUMNER GLADSTONE's consent to the entry of the Order are for the purposes of resolving this OTS enforcement matter only, and do not resolve, affect or preclude any other civil or criminal proceedings which may or have been brought against SUMNER GLADSTONE by the OTS or another governmental entity. By signing this document SUMNER GLADSTONE agrees that he will not assert the assessment or payment of this penalty as the basis for a claim of double jeopardy in any pending or future proceeding brought by the United States Department of Justice or any other governmental entity.

(c) This Stipulation and Consent, the Order and the payment by SUMNER GLADSTONE of any monies or providing any other financial relief as contemplated by the Order, shall in no way be construed as or deemed an admission of liability or an admission of the truth of the matters asserted in the Notice of Charges.

4. Provisions of OTS Order No. AP 91-64. The provisions of OTS Order No. AP 91-64 shall remain outstanding and effective as to SUMNER GLADSTONE until SUMNER GLADSTONE has complied fully with the requirements of paragraphs 2 and 3 of the attached Order. Upon full compliance by SUMNER GLADSTONE with paragraphs 2 and 3 of the attached Order, OTS Order No. AP 91-64 shall cease to have any further force and effect as to SUMNER GLADSTONE. Following SUMNER GLADSTONE's tender to the OTS of the funds required by paragraphs 2 and 3 of the Order, the OTS will promptly execute and record appropriate documents to discharge the mortgages granted in favor of the OTS pursuant to OTS Order No. AP 91-64.

5. Finality. The Order is issued by the OTS under the authority of Sections 8(b) and 8(e) of the FDIA and Section 10(1)(2) of the HOLA (12 U.S.C.A. §§ 1818(b), 1818(e), 1467a(1)(2) (West 1989 & Supp. 1991)). Upon issuance of the Order, it shall be a final order that is effective and fully enforceable by the OTS under the provisions of Section 8(i) of the FDIA, 12 U.S.C.A. § 1818(i) (West 1989 & Supp. 1991).

6. Waivers. SUMNER GLADSTONE, following consultation with his counsel, hereby waives the following legal rights: (i) the right to an administrative adjudicatory hearing of the OTS's charges against him; and (ii) 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.A. § 1818(h) (West 1989), or otherwise to challenge the validity of the Order.

7. Communications. (a) Except as otherwise provided in the ORDER, SUMNER GLADSTONE shall send any and all payments, notices, or other communications required or permitted under the ORDER and this Stipulation and Consent, by prepaid first class mail, personal delivery, or express delivery service, to:

Steven A. Rosenberg, Esq.  
Senior Enforcement Counsel  
Office of Thrift Supervision  
10 Exchange Place, 17th Floor  
Jersey City, New Jersey 07302,

or to such other address as said Senior Enforcement Counsel (or his designee or successor) may otherwise specify in writing to SUMNER GLADSTONE.

(b) The OTS may send all notices or other communications to SUMNER GLADSTONE that relate to the ORDER or



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Case No. OTS AP-91-62, 63, 64

OTS Order No. NE92-25

Date: March 19, 1992

ORDER OF PROHIBITION;  
ORDER TO CEASE AND DESIST DIRECTING AFFIRMATIVE ACTION; and  
FINAL ASSESSMENT OF CIVIL MONEY PENALTIES  
ISSUED TO SUMNER GLADSTONE

WHEREAS, on October 7, 1991, the Office of Thrift Supervision ("OTS") commenced the above-captioned adjudicatory proceeding by, inter alia, issuing a NOTICE OF CHARGES FOR CEASE-AND-DESIST ORDERS AND TO DIRECT RESTITUTION AND OTHER APPROPRIATE RELIEF; NOTICE OF INTENTION TO PROHIBIT; NOTICE OF ASSESSMENT OF CIVIL MONEY PENALTIES; AND NOTICE OF HEARING, which has been served on SUMNER GLADSTONE; and

WHEREAS, SUMNER GLADSTONE has stipulated and consented to the issuance of this Order by executing the attached Stipulation and Consent of Sumner Gladstone to Issuance of Final Agency Orders, the terms of which are hereby incorporated into this Order by this reference.

NOW THEREFORE, the OTS, pursuant to Section 8 of the Federal Deposit Insurance Act ("FDIA") and Section 10(i)(2) of the Home Owners' Loan Act ("HOLA"), 12 U.S.C.A. §§ 1818, 1467a(i)(2) (West 1989 & Supp. 1991), HEREBY ORDERS that:

1. PROHIBITION.

(a) SUMNER GLADSTONE is prohibited from participation, in any manner, in the conduct of the affairs of HOME FEDERAL SAVINGS BANK ("HOME FEDERAL"), Worcester, Massachusetts and any subsidiaries thereof. The prohibition provisions of this Order are issued pursuant to Section 8(e) of the FDIA (12 U.S.C.A. § 1818(e)).

(b) SUMNER GLADSTONE is subject to the prohibitions of FDIA § 8(e)(7) (12 U.S.C.A. § 1818(e)(7)), and, except as provided in subparagraph (B) of FDIA § 8(e)(7), SUMNER GLADSTONE shall not hold any office in, or participate in any manner in the conduct of the affairs of any institution or agency specified in subparagraph (A) of FDIA § 8(e)(7).

(c) SUMNER GLADSTONE shall not participate in any of the specified activities prohibited by FDIA § 8(e)(6) (12 U.S.C.A. § 1818(e)(6)).

2. AFFIRMATIVE ACTION - RESTITUTION AND REIMBURSEMENT.

SUMNER GLADSTONE shall make restitution and provide reimbursement in the aggregate amount of \$145,000.00 (U.S. Dollars) to HOME FEDERAL (including its successors, assigns, and subrogees), which shall be payable as follows: (1) within ten (10) days from the date of this Order, SUMNER

GLADSTONE shall tender to the OTS's Senior Enforcement Counsel one or more certified or cashiers checks in the aggregate amount of \$125,000.00 (U.S. Dollars), which shall be payable to the order of the Resolution Trust Corporation, Receiver of Home Federal Savings Bank; and (2) the remaining \$20,000.00 shall be satisfied by the OTS's withdrawal and application of said amount from the escrow account established with the \$20,000.00 provided by SUMNER GLADSTONE, pursuant to OTS Order No. AP-91-64. The provisions of this Paragraph 2 of this Order are affirmative action provisions made and issued pursuant to Section 8(b) of the FDIA (12 U.S.C.A. § 1818(b)).

3. FINAL CIVIL MONEY PENALTY ASSESSMENT.

SUMNER GLADSTONE shall pay a final civil money penalty in the amount of \$40,000.00 (U.S. Dollars), but if SUMNER GLADSTONE shall tender to the OTS (through its Senior Enforcement Counsel) the amount of \$20,000.00 (U.S. Dollars) within ten (10) days from the date of this Order, then that \$20,000.00 payment shall fully discharge and satisfy the aforesaid civil money penalty obligation. The form of payment shall be in one or more certified or cashiers checks, which check(s) shall be made payable to the order of the Treasurer of the United States. The civil-money-penalty provisions of this Order are made and issued pursuant to Section 10(i)(2) of the HOLA (12 U.S.C.A. § 1467a(i)(2)).

4. EFFECTIVE DATE.

This Order shall be and is effective upon the date of issuance shown below.

IT IS SO ORDERED on this 19th day of March, 1992.

OFFICE OF THRIFT SUPERVISION  
By:

/S/

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ANGELO A. VIGNA  
REGIONAL DIRECTOR