

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

IN THE MATTER OF

ROBERT K. HARTMANN
Former Director, Former
Independent Contractor, (General
Counsel), and Person Participating
in the Conduct of the Affairs
of Polifly Savings and Loan
Association, et al.,
Respondents.

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: OTS AP 91-27; 91-58
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STIPULATION AND CONSENT TO ISSUANCE OF
CEASE & DESIST ORDER, ORDER OF PROHIBITION, AND ORDER
PURSUANT TO 12 C.F.R. §513

The Office of Thrift Supervision ("OTS"), and Robert K. Hartmann, Patricia D. Hartmann and Robert M. Hartmann (sometimes collectively "The Hartmann Group"), stipulate and agree as follows:

1. Consideration. The OTS, based upon information reported to it, is of the opinion that the grounds exist to initiate an administrative proceeding against The Hartmann Group pursuant to the Federal Deposit Insurance Act, §§ 8(b) and (e), 12 U.S.C.A. § 1818(b) and (e) (West 1989). The Hartmann Group desires to cooperate with the OTS and to avoid the time and

expense of such administrative litigation and, without either admitting nor denying that such grounds exist, for the purposes of these proceedings only, hereby stipulates and agrees to the following terms in consideration of the termination by the OTS of the pending administrative litigation against The Hartmann Group with respect to the matters covered in the accompanying Cease & Desist Order, Order of Prohibition and Order Pursuant to 12 C.F.R. §513 (the "Order") which is incorporated herein by reference and made a part hereof. OTS hereby forever remises, releases and discharges the Hartmann Group of and from all debts, obligations, liabilities, reckonings, bonds, specialities, controversies, suits, actions, causes of action, claims or demands with respect to any matter (i) reported in the OTS Reports of Examination of Polifly for the years 1982 to that Examination Report commencing on December 18, 1989, and concluding on April 27, 1990, or (ii) discovered by the OTS as a result of its investigative proceeding commenced pursuant to Resolution NY-90-18, dated July 13, 1990, which led to the issuance of the Notice of Charges AP 91-27 and the Notice of Assessment AP 91-58.

2. Jurisdiction.

(a) Polifly Savings and Loan Association is a "savings association" and an "insured depository institution" as defined by 12 U.S.C.A. §§ 1462 and 1813 (West 1989).

(b) Robert K. Hartmann, Patricia D. Hartmann and Robert M. Hartmann are institution-affiliated parties as defined by 12 U.S.C.A. §§ 1813(u) (West 1989).

(c) The Director of the OTS is the "appropriate Federal Banking agency" to maintain administrative proceedings against Robert K. Hartmann, Patricia D. Hartmann, and Robert M. Hartmann pursuant to 12 U.S.C.A. §§ 1818(b)(e) (West 1989).

3. Consent. The Hartmann Group consents to the issuance by the OTS of the Order. They further agree to comply with the terms of the Order upon issuance and stipulate that the Order complies with all requirements of law.

4. Finality. The Order is issued under 12 U.S.C.A. §§ 1818(b) and (e) (West 1989). Upon its issuance, it shall be a final order, effective and fully enforceable by the OTS under the provisions of 12 U.S.C.A. § 1818(i) (West 1989).

5. Waivers. Robert K. Hartmann, Patricia D. Hartmann and Robert M. Hartmann waive an administrative hearing provided by 12 U.S.C.A. § 1818(b) (West 1989), and further waive their rights to seek judicial review of the Order, including any such right provided by 12 U.S.C.A. § 1818(h) (West 1989) or otherwise to challenge the validity of the Order.

6. This Stipulation and Consent, the Order and the payment by The Hartmann Group 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, criminal charges against, or liability of Robert K. Hartmann, Patricia D. Hartmann or Robert M. Hartmann that arise pursuant to this action or otherwise and that may be or has been brought by the Resolution Trust Corporation or any other

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Counsel), and Person Participating
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CEASE AND DESIST ORDER, ORDER OF PROHIBITION
AND ORDER PURSUANT TO 12 CFR §513

WHEREAS, the Office of Thrift Supervision ("OTS") has issued a Notice of Charges against Respondents Robert K. Hartmann, Patricia D. Hartmann and Robert M. Hartmann pursuant to the Federal Deposit Insurance Act, 12 U.S.C. §1818 (the "FDIA"), charging them with repeated violations of laws and regulations governing the operation of savings associations, including 12 CFR §§563.43 and 563.180, and has initiated administrative proceedings against Respondents seeking, among other relief, an order of restitution under 12 U.S.C. §1818(b)(6), an order of prohibition under 12 U.S.C. §1818(e), and civil money penalties under 12 U.S.C. §1818(i);

WHEREAS, Robert K. Hartmann, Patricia D. Hartmann and Robert M. Hartmann have entered into a Stipulation and Consent to Issuance of a Cease & Desist Order, Order of Prohibition and Order Pursuant to 12 CFR §513 (the "Stipulation") that is

accepted and approved by OTS and is incorporated herein by reference; and

WHEREAS, Robert K. Hartmann, Patricia D. Hartmann and Robert M. Hartmann, in the Stipulation, without admitting or denying any of the allegations of OTS, have consented and agreed to the issuance of this Cease & Desist Order, Order of Prohibition and Order Pursuant to 12 CFR §513 (the "Order") under the FDIA and have agreed to be bound by the terms hereof.

NOW, THEREFORE, IT IS ORDERED that:

1. Respondents are hereby permanently prohibited from holding any office in, or any further participation, in any manner, in the conduct of the affairs of any insured depository institution pursuant to 12 U.S.C. §1818(e).

2. Respondent Robert K. Hartmann is hereby permanently barred from practicing before OTS pursuant to 12 CFR §513.4.

3. Respondents Robert K. Hartmann, Patricia D. Hartmann, and Robert M. Hartmann shall abide by and fulfill all terms applicable to them and memorialized in a separate Settlement Agreement between said Respondents and Polifly Savings & Loan Association and Polifly Financial Corporation, among other parties (the "Settlement Agreement").

4. The terms of the Settlement Agreement shall not affect Robert K. Hartmann's outstanding obligations to the Honorable Morris Pashman as the Special Fiscal Agent appointed by the Honorable Nicholas J. Politan of the United States District Court in connection with a prejudgment attachment obtained by OTS in this matter pursuant to 12 U.S.C. §1818(i)(4), except that the

parties agree to execute a stipulation recommending the discharge of the Special Fiscal Agent.

5. Robert K. Hartmann, Patricia D. Hartmann and Robert M. Hartmann acknowledge and agree that the consent of the above-listed Respondents to the entry of this Order is for the purposes of resolving only those matters (i) reported in the OTS Reports of Examination of Polifly for the years 1982 to that Examination Report commencing on December 18, 1989, and concluding on April 27, 1990, or (ii) discovered by the OTS as a result of its investigative proceeding commenced pursuant to Resolution NY-90-18, dated July 13, 1990, which led to the issuance of the Notice of Charges AP 91-27 and the Notice of Assessment AP 91-58, and do not resolve, affect or preclude any other civil or criminal proceeding which may be brought against said Respondents by the OTS or another governmental entity.

6. The parties hereto acknowledge and agree that no positions taken or forsaken, or obligations assumed or relinquished under this Stipulation, Order or Settlement Agreement shall be deemed an admission or otherwise evidentiary of any fact or issue in any proceeding, suit or action against any of them involving any facts which are the subject matter hereof, except that this provision shall not apply in actions to enforce the Stipulation, order or Settlement Agreement.

7. OTS' decision to enter into the Stipulation has been predicated in part upon representations made by Robert K. Hartmann, Patricia D. Hartmann and Robert M. Hartmann concerning the amount, nature and quality of cash, property and other assets

owned by Robert K. Hartmann and Patricia Hartmann and their children, including Robert M. Hartmann (the "Hartmann Assets"). Robert K. Hartmann, Patricia D. Hartmann and Robert M. Hartmann have made a good faith best estimate of the current value of the Hartmann Assets, although the valuation of real estate in the Hartmann Assets was not based on independent MAI appraisals. Robert K. Hartmann, Patricia D. Hartmann and Robert M. Hartmann understand that should OTS discover or learn from any source that the representations made by the Hartmanns about the Hartmann Assets were intentionally and materially false, including but not limited to the failure to identify and/or value any material asset, OTS reserves the right to void the settlement reached between OTS and Respondents, including the Stipulation and this Order, and reinstitute the administrative proceeding against Respondents or take any other legal action OTS in its sole discretion deems appropriate.

8. This Order shall be effective from the date of its execution.

/S/

Timothy Ryan
Director