

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

In the Matter of)

DOLLAR SAVINGS BANK,)
Newark, NJ,)
OTS No. **6755**)

and)

ROBERT DeMANE, former President)
of DOLLAR SAVINGS BANK,)

and)

LARRY MARRO, former)
Institution Affiliated Party)
of DOLLAR SAVINGS BANK,)

Respondents.)

OTS Order No. AP **04-02**

Dated: February **13,2004**

TEMPORARY ORDER
TO CEASE AND DESIST TO ROBERT DeMANE

The Director of the Office of Thrift Supervision of the United States Department of the Treasury ("OTS") issued a Notice of Charges and Notice of Hearing for Cease and Desist Order to Direct Restitution and Other Affirmative Relief and Notice Of Assessment of Civil Money Penalties ("Notice of Charges") against Dollar Savings Bank ("Dollar"), Robert DeMane ("DeMane"), and Larry Marro ("Marro") on February 13, 2004 pursuant to Sections 8(b) and (i) of the Federal Deposit Insurance Act ("FDIA"), 12 U.S.C.A. § 1818(b) and (i). OTS Order No. AP-04-01 (Feb. 13,2004).

I. INTRODUCTION

Dollar is a Federally chartered stock savings bank located in Newark, New Jersey. As of December 31, 2003, Dollar had assets of approximately \$13.5 million and had equity capital of approximately \$2.1 million.

On December 8, 2003, Dollar Bancorp Inc. issued a Private Placement Memorandum ("PPM") soliciting capital contributions of between \$3 million and \$4 million. Pursuant to that solicitation, as of January 12, 2004, approximately \$1.8 million in potential capital contributions had been deposited in an account at Dollar pending closing of the capital contribution transaction. The contributors of capital have a beneficial interest in the escrow account and, therefore, are depositors of Dollar. **The** PPM contains misrepresentations of material fact, and omits to disclose material facts, relating to the business and operations of Dollar. Accordingly, the circulation of the PPM to potential investors violated, *inter alia*, Section 10(b) of the Securities Exchange Act, 15 U.S.C.A. § 78j(b) and Securities and Exchange Commission Rule 10b-5, 17 C.F.R. § 240.10b-5. As a consequence, the potential capital contributors may be entitled to recover the amounts they contributed.

On January 27, 2004, pursuant to complaints received by the OTS, the OTS Northeast Regional Director authorized a Formal Examination and Investigation into the affairs of Dollar. In connection with the Formal Examination and Investigation, OTS examiners appeared at the offices of Dollar on February 3, 2004, to investigate possible irregularities in the origination or brokering of mortgage loans possibly involving respondents. Respondents engaged in self-dealing and conflicts of interest as detailed in paragraphs 18 and 24 through 29 of the Notice of Charges.

On February 4, 2004, respondent DeMane, the former President of Dollar, began to withdraw funds from accounts over which he had signature authority and to cause Dollar to issue official checks for the amounts withdrawn. From February 4 through February 11, 2004, DeMane caused Dollar to issue 41 official checks totaling \$4,025,696.86 payable to himself or his designees. Some of those official checks have not yet been presented for payment. If paid, the outstanding official checks will further deplete the financial resources of Dollar.

11. GROUNDS FOR ISSUANCE OF ORDER

By causing the withdrawal of more than \$4 million from Dollar in the space of one week, DeMane has both precipitated, and insulated himself from the financial consequences of, a potential liquidity crisis at Dollar. Four million dollars is approximately twice the amount of Dollar's core capital and almost thirty percent of its assets. These rapid and large withdrawals by DeMane are likely to weaken the financial condition of Dollar. In addition, DeMane took advantage of his position as an officer of Dollar to gain an advantage over the other depositors, including potential claimants against the capital contribution account, in the event of insolvency, thereby prejudicing their interests. Accordingly, grounds exist under the provisions of 12 U.S.C.A. § 1818(c)(1) for the issuance of a temporary cease-and-desist order.

111. ORDERING PROVISIONS

THEREFORE, by the authority set forth in 12 U.S.C.A. § 1818(b)(6), (b)(7), and (c)(1), it is hereby ordered as follows:

1. Posting, of Security

(a) By no later than 12:00 noon, Eastern Standard Time, on the seventh calendar day following service of this Temporary Order, respondent Robert DeMane shall provide security in an amount aggregating \$4,025,696.86. This sum is the total of the official checks issued by Dollar on account of the unsafe and unsound activities of respondent Robert DeMane as set forth in the Notice of Charges, and represents the amount that has been or may be lost by Dollar or the insurance fund as a consequence of the actions of respondent Robert DeMane.

(b) Individual respondent Robert DeMane shall comply with the security requirements of this paragraph by one or a combination of any of the following means:

(1) By paying cash (or its equivalent) in the required amount to Dollar;

(2) By establishing and maintaining an escrow account in the required amount for the benefit of Dollar at an FDIC-insured depository institution with an escrow agent deemed acceptable (in writing) by the Director; or

(3) By providing an irrevocable letter of credit or bond in the required amount in favor of Dollar from an FDIC-insured depository institution or an insurer approved by the Director, and subject to the terms and conditions approved by him.

(c) The amount of the security required by this paragraph 1 shall be reduced by the amount of any official check listed in subparagraph 2(a)(3) below that is returned to Dollar for cancellation.

2. Asset Restrictions

a. Respondent Dollar Savings Bank

(1) Dollar shall cease and desist from paying, disbursing, or transferring any funds from any account owned by DeMane or over which DeMane has signature authority; provided, however, that Dollar may allow the withdrawal of not more than ten thousand dollars (\$10,000.00) per month by DeMane for ordinary and reasonable living expenses and attorney fees.

(2) The restrictions set forth in the preceding subparagraph 2(a)(1) shall not affect, alter, or supersede the restrictions and requirements imposed upon Dollar in any Supervisory Directive issued by the OTS Northeast Regional Director to Dollar. The restrictions and requirements set forth in any Supervisory Directive shall remain in full force and effect until altered, revised, or revoked by specific action of the OTS.

(3) Dollar shall not pay or honor any of the following official checks that have not already been paid or honored:

Number	104304
Number	104305
Number	104306
Number	104308
Number	104309
Number	104310
Number	104315
Number	104316
Number	104317
Number	104318
Number	104327
Number	104328
Number	104330
Number	104331
Number	104332
Number	104333
Number	104334
Number	104335

Number	104336
Number	104337
Number	104338
Number	104339
Number	104341
Number	104342
Number	104344
Number	104345
Number	104349
Number	104350
Number	104351
Number	104352
Number	104353
Number	104354
Number	104355
Number	104358
Number	104359
Number	104360
Number	104361
Number	104362
Number	104363
Number	104364

(4) Dollar shall promptly demand the return of all funds previously paid **by** Dollar to any law firm pursuant to any retainer agreement, whether written or oral, relating to prospective representation of Dollar or its present or former officers, employees, or agents in connection with matters relating to any administrative, civil, or criminal investigation or proceeding relating to the subject matter of this Order. Dollar shall take all actions necessary to effect the prompt return of all such funds.

b. Respondent Robert DeMane

(1) Respondent DeMane shall cease and desist from directly or indirectly causing the sale, transfer, or encumbrance of funds or other assets of any nature whatsoever in which the individual respondent, any member of the individual respondent's immediate family, or any entity he controls has a legal or beneficial interest, whether directly or

through any person or entity, including but not limited to the transfer of assets currently outside the United States.

(2) The foregoing limitation on asset transfers shall not apply to assets used by the individual respondents to pay ordinary and reasonable living expenses and attorney fees having an aggregate value of less than ten thousand dollars (\$10,000.00) per month for each respondent.

3. Hardship Relief

If any provision of this Order causes or threatens to cause undue hardship to Dollar or DeMane or DeMane's dependents in conducting their business or affairs or cause such individual respondent to be unable to retain legal counsel for the enforcement proceeding, Dollar or DeMane may submit a written application to the OTS Northeast Regional Director for appropriate relief. Any application for relief shall set forth the basis for such request, including the nature and scope of the hardship and shall contain such information and financial data as the OTS Northeast Regional Director deems necessary to evaluate the propriety of such relief and to exercise his discretion properly.

4. Required Disclosures

No later than **2:00** p.m. Eastern Standard Time on the seventh day following service of this Temporary Order, respondent DeMane shall submit to the Director:

- (a) **A** financial statement for the individual respondent, signed with a certification under penalty of perjury that the information is true and correct to the best of the individual respondent's information and belief after diligent inquiry, showing all assets and liabilities of such individual respondent as of a date no earlier than **December 31, 2003;**

- (b) Documentation identifying all securities, certificates of deposit, checking accounts, money market accounts, other accounts and real or personal property held by the individual respondent as of a date not earlier than December 31,2003;
- (c) Documentation reflecting the disposition of all funds withdrawn from any account owned by such individual respondent or over which such individual respondent has or had signature authority at any time after December 31,2003.

5. Compliance Procedures; Notices

(a) All notices and other submissions required or permitted to be made pursuant to this Temporary Order shall be made in writing.

(b) If any notices or other submissions are required or permitted to be submitted to the Director pursuant to this Temporary Order, then such notices or other submissions shall be sent to:

Ms. Sandra E. Evans
Acting Secretary for Adjudicatory Proceedings
Office of Thrift Supervision
1700 G Street, N.W.
Washington, DC 20552

A copy of each such notice or submission, and any responses thereto, shall be filed with the Office of Financial Institutions Adjudication for the purpose of maintaining a complete record of all documents submitted to the OTS with respect to the above-captioned adjudicatory proceeding. The address of the Office of Financial Institutions Adjudication is 1700 G Street, N.W., Washington, DC 20552.

(c) The respondents shall serve a copy of all such notices and other submissions

required or permitted by the Temporary Order on:

Richard C. Steams
Enforcement Deputy Counsel
1700 G Street, N.W.
Washington, D.C. 20552
Telephone: (202) 906-7966
Facsimile: (202) 906-7005

(d) All notices and other submissions required or permitted to be made pursuant to this Temporary Order shall be deemed to be a filing in the above-captioned adjudicatory proceeding, and shall contain the title and docket number of the proceeding. Except as may otherwise be ordered by the Director, matters submitted to the Director shall be acted upon by the Director or his designee.

6. Construction

The ordering provisions set forth in this Temporary Order shall be construed in their broadest and most inclusive senses with a view of their remedial purpose of protecting the financial interests of Dollar, its depositors, the Fund, and the United States.

7. Definitions

All technical words or terms used in this Temporary Order for which meanings are not specified or otherwise provided by the provisions of this Temporary Order or in the Notice of Charges, insofar as applicable, shall have meanings as defined in the regulations of the OTS, 12 C.F.R. Chapter V, or as defined in the FDIA or the Home Owners' Loan Act, and any such words or terms undefined in the foregoing shall have meanings that accord with the best custom and usage in the savings association industry.

8. Date of Effectiveness

This Temporary Order shall be and is effective upon service thereof, and shall remain effective and enforceable until the later of (1) the completion of all administrative

enforcement proceedings initiated by the Notice of Charges, incorporated herein by this reference; or (ii) until such time as the OTS shall dismiss the charges specified in such Notice; or (iii) if a final enforcement order is issued at the completion of the proceedings, until such a final order; or (iv) until stayed or enjoined by a court of competent jurisdiction.

IT IS SO ORDERED on this 13th day of February 2004.

A handwritten signature in black ink, reading "Richard M. Riccobono". The signature is written in a cursive style with a large, sweeping initial "R".

Richard M. Riccobono
Deputy Director
Office of Thrift Supervision