

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

\_\_\_\_\_  
In the Matter of )  
William Selsberg )  
A Former Officer and )  
Director of Charter )  
Federal Savings )  
and Loan Association )  
Stamford, Connecticut )  
\_\_\_\_\_

Re: Resolution No. NE92-71  
Dated: July 16, 1992

STIPULATION AND CONSENT TO ISSUANCE OF  
ORDER TO CEASE AND DESIST AND  
ORDER OF PROHIBITION AND ORDER OF DEBARMENT

The Office of Thrift Supervision ("OTS"), by and through its Director, Timothy Ryan, and William Selsberg ("RESPONDENT") hereby stipulate and agree as follows:

CONSIDERATION

1. The OTS, based upon information reported to it, is of the opinion that grounds exist to initiate administrative proceedings seeking the prohibition of William Selsberg from participation in the conduct of the affairs of any federally insured depository institution and an Order to Cease and Desist directing restitution and other affirmative corrective action against William Selsberg in connection with his participation in the Conduct of the affairs of Charter Federal Savings and Loan Association, Stamford, Connecticut ("Charter Federal"). See Section 5(d)(1)(A) of the Home Owners' Loan Act ("HOLA"), 12 U.S.C.

§ 1464(d)(1)(A) (Supp. I 1989), and Sections 8(b) and 8(e) of the Federal Deposit Insurance Act ("FDIA"), 12 U.S.C. §§ 1818(b) and (e) (Supp. I 1989). More specifically, information obtained by OTS, indicates that **RESPONDENT** breached his fiduciary duty to Charter Federal, engaged in unsafe and unsound practices, and violated law, rules and regulations with regard to the institution, by failing to reveal to Charter Federal that loans made to purchasers of condominium units in a property known as Lindale Manor were improper loans involving an affiliated party, in that one of the members of Lindale Partners, the partnership which purchased and renovated the property, was an officer and director of Charter Federal.

2. Further information obtained by OTS indicates that **RESPONDENT** breached his fiduciary duty to Charter Federal, engaged in conflicts of interest and other unsafe and unsound practices, and violated law, rules and regulations with respect to the institution, by failing to disclose to Charter Federal his financial interest in property located at 435 Old Long Ridge Road, Stamford, Connecticut, which was legally owned by JEDA, LTD, when in December 1985 Charter Federal extended a loan secured by this property and in June 1986 Charter Federal extended a loan to a third party purchaser of the property.

3. Further information obtained by OTS indicates that **RESPONDENT** breached his fiduciary duty to Charter Federal, engaged in conflicts of interest and other unsafe and unsound practices, violated law, rules and regulations, was unjustly enriched and

caused loss to Charter Federal of approximately \$710,000, by **RESPONDENT's** failure to disclose to Charter Federal that he owned 20 per cent of the common stock of G and G Properties, Inc. ("G & G"), which made G & G an affiliated person of Charter Federal. On or about May 7, 1987, Charter Federal extended a line of credit in the amount of \$750,000 to JEDA, LTD. and G & G and, subsequently, neither JEDA, LTD. nor G & G made the required repayments.

4. Although **RESPONDENT** neither admits nor denies the assertions of facts and allegations of breaches of fiduciary duties, conflicts of interest, unsafe and unsound practices and unjust enrichment and violations of law, rules and regulations, as described above, and as they are claimed to apply to **RESPONDENT**, **RESPONDENT** desires to avoid the time and expense of defending any administrative enforcement proceedings which might otherwise be commenced by the OTS. **RESPONDENT** hereby stipulates and agrees to the provisions, terms, and conditions set forth herein, and in the accompanying Order to Cease and Desist and Order of Prohibition ("ORDER"), in consideration of the forbearance of OTS from initiating administrative proceedings seeking prohibition, restitution and other appropriate affirmative corrective action against **RESPONDENT**, as set forth in paragraph 12 herein.

5. **RESPONDENT** will cooperate fully and completely, and to the maximum extent practicable, with OTS in its investigation into the affairs of Charter Federal. Such cooperation shall include **RESPONDENT's** making himself available for interview by representatives of OTS as needed, as well as appearing to testify

in any administrative proceeding as may be required.

JURISDICTION

6. 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. I, 1989), as amended by the Financial Institutions Reform, Recovery and Enforcement Act of 1989 ("FIRREA"), Pub. L. No. 101-73. Accordingly, it was an "insured depository institution" as that term is defined in Section 3(c) of the FDIA, as amended by FIRREA, 12 U.S.C. § 1813(c).

7. **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. I 1989).

8. Pursuant to Section 3(q) of the FDIA, 12 U.S.C. § 1813(q) (Supp. I. 1989), 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) (Supp. I 1989), and Sections 8(b) and 8(e) of the FDIA, 12 U.S.C. § 1818(b) and (e) (Supp. I 1989).

CONSENT

9. **RESPONDENT** consents to the issuance by 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

10. The ORDER is issued pursuant to Sections 8(b) and 8(e) of the FDIA, 12 U.S.C. §§ 1818(b) and (e) (Supp. I 1989). Upon its issuance by OTS, the ORDER shall be a final order, effective and fully enforceable by 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. § 1818(i) (Supp. I. 1989).

WAIVERS

11. RESPONDENT waives the right to a notice of charges and hearing for an order to cease and desist and to direct restitution and other affirmative corrective action and notice of intention to prohibit and the administrative hearing provided by Sections 8(b) and 8(e) of the FDIA, 12 U.S.C. §§ 1818 (b) and (e), and further waives his right to seek judicial review of the ORDER, including 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.

OTHER ACTIONS, PROCEEDINGS AND PARTIES

12. This STIPULATION and CONSENT, the ORDER, RESPONDENT'S reimbursement against loss 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 potential charges that OTS could

bring against **RESPONDENT** based upon, or arising from, those transactions described in paragraphs 1-3 above, as they pertain to **RESPONDENT**.

13. 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 paragraphs 1-3 above, or any other transactions, as they might pertain to any entity or person other than **RESPONDENT**, against whom **OTS** expressly reserves its rights to initiate and maintain administrative proceedings;

b. any other claims, actions, or charges not based upon or arising from those transactions described in paragraphs 1-3 above that may be brought by **OTS** against **RESPONDENT**.

c. 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 **OTS**;

d. any claims or actions that may be brought against **RESPONDENT** by any individual or entity other than **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.

14. In any bankruptcy proceeding in which it is or may be contended that **RESPONDENT'S** obligation to make the payment of reimbursement against loss pursuant to this **STIPULATION** and **CONSENT** and the **ORDER** is subject to discharge, **RESPONDENT** will in no manner

contest OTS's assertions 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. The intent of this paragraph is to preclude RESPONDENT from discharging the payment of reimbursement pursuant to this STIPULATION and CONSENT and the ORDER, and is not to be deemed a consent by RESPONDENT to the dischargeability of any other obligation of RESPONDENT.

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/

~~Stephen D. Brushkin, Esq.~~  
Attorney

/S/

~~William Sers~~  
RESPONDENT

Signed this 14<sup>th</sup> day of July, 1992  
OFFICE OF THRIFT SUPERVISION

/S/

BY: ~~ANGLO A. VIGNA~~  
Regional Director  
Northeast Region  
OFFICE OF THRIFT SUPERVISION  
Pursuant to Delegated Authority

Signed this 16 day of July, 19

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

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In the Matter of )  
William Selsberg ) Re: Resolution No. NE92-71  
A Former Officer and ) Dated: July 16, 1992  
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Federal Savings )  
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Stamford, Connecticut )  
\_\_\_\_\_)

ORDER TO CEASE AND DESIST AND  
ORDER OF PROHIBITION AND ORDER OF DEBARMENT

**WHEREAS,** William Selsberg ("**RESPONDENT**") has executed a Stipulation and Consent to Issuance of Order to Cease and Desist and Order of Prohibition ("**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 Order to Cease and Desist and Order of Prohibition pursuant to Sections 8(b) and 8(e) of the Federal Deposit Insurance Act ("**FDIA**"), 12 U.S.C. §§ 1818(b) and (e) (Supp. I 1989);

**WHEREAS,** the **OTS,** based upon information reported to it, is of the opinion that grounds exist to initiate and maintain against **RESPONDENT** 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:

**WHEREAS, RESPONDENT** neither admits nor denies the assertions of fact or allegations of breaches of fiduciary duties, conflicts of interest, unsafe and unsound practices and unjust enrichment 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, the violations of law, regulations and rules alleged against **RESPONDENT** in the **STIPULATION and CONSENT**; and

b. Committing, or aiding and abetting the commitment of, the unsafe and unsound practices alleged against **RESPONDENT** in the **STIPULATION and CONSENT**.

3. Based upon his sworn statement of financial condition and other relevant factors, including his willingness to cooperate with **OTS**, **RESPONDENT** shall reimburse against loss in the total amount of \$95,000. The terms of payment shall be as follows:

a. **RESPONDENT** shall remit \$5,000 in the form of a cashier's check payable to the order of the **Office of Thrift Supervision** by no later than July 1, 1992. **RESPONDENT's** check shall be sent to the address set forth in paragraph 6 below.

b. **RESPONDENT** shall pay interest only on the balance (\$90,000) of his indebtedness to the **Office of Thrift Supervision** commencing with the first day of the second year following the date

this ORDER becomes final. The interest shall be simple interest at the rate of the Wall Street Journal Prime, as in effect from time to time, but in no event to exceed nine (9) percent. RESPONDENT shall remit his interest payments in the form of cashier's checks on the second and third anniversaries following the date this ORDER becomes final. RESPONDENT's checks shall be sent to the address set forth in paragraph 6 below.

c. RESPONDENT shall execute and deliver to the Office of Thrift Supervision, at the address set forth in paragraph 6 below, no later than June 1, 1992, a promissory note, in form and content acceptable to the Director of OTS, that evidences RESPONDENT's indebtedness to OTS and the terms of repayment of the indebtedness, as described in this paragraph. The note shall be secured by a mortgage on RESPONDENT's fifty (50%) percent partnership interest in Unit 9J, Hayes House Condominium, Stamford, Connecticut. The mortgage shall provide that RESPONDENT shall not, individually or as a partner in the partnership, voluntarily encumber or agree to encumber directly or indirectly the property without the consent of the OTS. In addition, RESPONDENT shall cause the owner of property commonly known as Lot 120, Redbrook Road, Bondville, Vermont (the "Vermont Property"), to grant a mortgage to secure payment of the note in an amount not to exceed \$65,000. The mortgage shall provide that in the event of default by RESPONDENT under the note, which is not cured within any applicable grace period, the holder of the note shall seek recovery of the unpaid balance of the note, first, in an action against

**RESPONDENT** and **RESPONDENT's** interest in Unit 9J, Hayes House Condominium, Stamford, Connecticut. If, after application of the proceeds from such action there is a deficiency, then the holder may recover the remaining sum due and owing, if any, but not to exceed \$65,000, in an action to foreclose the mortgage given on the Vermont Property. Further, for each payment of principal under the note the maximum amount which may be recovered from the so-called Vermont property shall be simultaneously reduced, and upon the unpaid principal balance of the note being reduced to \$25,000, the mortgage on the Vermont property will be released.

d. **RESPONDENT** shall remit installment payments on the principal balance of his indebtedness to the **Office of Thrift Supervision** in the amounts of \$20,000 plus interest at the rate set forth in subparagraph 3b above, in the form of cashier's checks, on the fourth, fifth and sixth anniversaries following the date this **ORDER** becomes final, and \$30,000 plus interest at the rate set forth in subparagraph 3b above, in the form of a cashier's check, on the seventh anniversary following the date this **ORDER** becomes final. **RESPONDENT's** checks shall be sent to the address set forth in paragraph 6 below.

e. The promissory note shall provide that **RESPONDENT** may prepay the balance on the promissory note or any portion thereof at anytime, without cost or penalty.

f. Upon payment of the sum of \$5,000 and delivery of the promissory note to the **OTS**, the promissory note shall be

incorporated herein by reference and the promissory note shall be enforceable as part of this ORDER pursuant to the provisions of section (i) of the FDIA, 12 U.S.C. § 1818(i).

4. **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) (Supp. I 1989), 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. I 1989), 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 depository institution or voting for a director of an insured depository institution or acting as an institution-affiliated party. Moreover, **RESPONDENT** is prohibited from practice before OTS, and shall not directly or indirectly engage in activities defined in 12 C.F.R. § 513.2(e), unless and until such time **RESPONDENT** has been reinstated by further order of the OTS.

5. In any bankruptcy proceeding in which **RESPONDENT's** obligation to make the payment of reimbursement against loss provided for in paragraph 3 of this ORDER is subject to discharge, **RESPONDENT** will in no manner contest OTS's assertions that the obligation is for, and this 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. The intent of this paragraph is to preclude **RESPONDENT** from discharging the payment of reimbursement pursuant to this **STIPULATION** and **CONSENT** and the **ORDER**, and is not to be deemed a consent by **RESPONDENT** to the dischargeability of any other obligation of **RESPONDENT**.

6. All payments by **RESPONDENT** provided for in paragraph 3 of this **ORDER** shall be delivered to:

Senior Deputy Chief Counsel for Enforcement and  
Litigation c/o Kenneth Cureton  
Washington Enforcement  
Office of Thrift Supervision  
U.S. Treasury Department  
1700 G Street, N.W.  
Washington, D.C. 20552

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

7. The **STIPULATION** and **CONSENT**, this **ORDER**, the payments contemplated as part of this **ORDER**, and the forbearance of **OTS** to initiate and maintain administrative proceedings against **RESPONDENT** settle only potential charges that **OTS** could bring against **RESPONDENT** based upon and arising from those transactions described in paragraphs 1-3 of the **STIPULATION** and **CONSENT**, as they pertain to **RESPONDENT**.

8. The **STIPULATION and CONSENT**, this **ORDER**, and **RESPONDENT's** compliance with this **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 paragraphs 1-3 of the **STIPULATION and CONSENT** or any other transactions as they might pertain to any entity or person other than **RESPONDENT**, against whom **OTS** expressly reserves its rights to initiate and maintain administrative proceedings;

b. any other claims, actions, or charges not based upon or arising from those transactions described in paragraphs 1-3 of the **STIPULATION and CONSENT** that may be brought by **OTS** against **RESPONDENT**.

c. 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 **OTS**;

d. any claims or actions that may be brought against **RESPONDENT** by any individual or entity other than **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.

9. This **ORDER** is subject to the provisions of Section 8(j) of the **FDIA**, 12 U.S.C. § 1818(j) (Supp. I. 1989).

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

Approved as to form  
and content

/S/

~~Stephen D. Grushkin, Esq.~~  
~~Attorney for RESPONDENT~~  
~~William Selsberg~~

**THE OFFICE OF THRIFT SUPERVISION**

BY: /S/

\_\_\_\_\_  
ANGEL A. VIGNA  
Regional Director  
Northeast Region  
OFFICE OF THRIFT SUPERVISION  
Pursuant to Delegated Authority