

UNITED STATES OF AMERICA
Before The
OFFICE OF THRIFT SUPERVISION

_____)
In the Matter of)
)
Arthur L. Schiel) Re: Northeast Regional Director
) Resolution No. NE-92-99
)
a former institution-affiliated)
party of Progress Federal) Dated: December 17, 1992
Savings Bank, Plymouth Meeting,)
Pennsylvania)
_____)

STIPULATION AND CONSENT TO ENTRY OF AN ORDER TO CEASE
AND DESIST AND
ISSUANCE OF A CIVIL MONEY PENALTY ASSESSMENT

The Office of Thrift Supervision ("OTS"), and Arthur L. Schiel ("Schiel" and/or "the Respondent"), a former executive vice president, chief financial officer and member of the board of directors of Progress Federal Savings Bank, Plymouth Meeting, Pennsylvania ("the Association") hereby 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 administrative proceedings against Schiel pursuant to Sections 8(b) and 8(i)(2) of the Federal Deposit Insurance Act ("FDIA"), 12 U.S.C.A. §§1818(b) and 8(i)(2). Schiel desires to cooperate with the OTS to avoid the time and expense of such administrative litigation and, without admitting or denying that such grounds exist, hereby stipulates and agrees to the following terms in consideration of

the forbearance of OTS from initiating such a proceeding against him with respect to the following matters:

Failure to comply or failure to adequately oversee the Association's compliance with: (a) paragraphs 1 and 2 of the Supervisory Agreement dated October 10, 1989 between the Association and OTS and/or (b) applicable laws and/or regulations regarding general valuation allowances, classification of assets, loans to one borrower, and loan loss reserves as more specifically described at pages 1, 2, 3, 6, 7, 8, 9, 10, 11, 12, 13, 14, 20, 21, A-1.1, A-11.1 and A-12.1 of the May 20, 1991 Report of Examination and at pages 1, 2, 3, 4, 6, 7, 8, 9, 10, 11, 12, 13, 14, A-1.1 and A-12.1 of the April 23, 1990 Report of Examination.

2. Jurisdiction.

(a) The Association is a "savings association" within the meaning of Section 3 of the FDIA and Section 2 of the Home Owners' Loan Act of 1933, each as amended. Accordingly, it is an "insured depository institution" as that term is defined in Section 3(c) of the FDIA, 12 U.S.C.A. §1813(c).

(b) Arthur L. Schiel, a former executive vice president, chief financial officer, and member of the board of directors of the Association and having served in such capacities within 6 years of the date hereof, is deemed to be an "institution-affiliated party" as that term is defined in Section 3(u) of the FDIA, 12 U.S.C.A. §1813(u).

(c) Pursuant to Section 3 of the FDIA, as amended, the OTS is the "appropriate Federal banking agency" to maintain an enforcement proceeding against such a savings association and/or its institution-affiliated parties. Therefore, Schiel is subject to the authority of the OTS to initiate and maintain proceedings against him pursuant to Sections 8(b) and (i)(2) of the FDIA, 12 U.S.C.A. §§1818(b) and (i)(2).

3. Consent.

Schiel consents to the issuance by the OTS of the accompanying Cease and Desist Order and Issuance of Civil Money Penalty Assessment ("Order"). He further agrees to comply with its terms upon issuance and stipulates that the Order complies with all requirements of law.

4. Finality.

The Order is issued by the OTS under the authority of Sections 8(b) and (i)(2) of the FDIA, 12 U.S.C.A. §§1818(b) and (i)(2). 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).

5. Waivers.

The Respondent, following consultation with counsel, hereby waives the following rights:

- (A) the right to be served with a written notice pursuant to Sections 8(b)(1) and (i)(2)(E) of the FDIA, 12 U.S.C. §§1818(b)(1) and (i)(2)(E);
- (B) the right to an administrative hearing pursuant to Sections 8(b)(1) and (i)(2)(H) of the FDIA, 12 U.S.C. §§1818(i)(2)(H); and
- (C) the right to appeal the issuance of the Order pursuant to Section 8(h) of the FDIA, 12 U.S.C. §1818(h), or otherwise to challenge the validity of the Order.

6. Other Actions, Proceedings and Parties.

By entering into this Stipulation, Schiel acknowledges and agrees explicitly to the following provisions:

- (A) The Respondent acknowledges and agrees that this proceeding, the assessment or payment of the penalty contemplated as part of the resolution thereof, and Respondent'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 proceeding which may be or have been brought against Respondent by the OTS or another governmental entity.
- (B) By signing this Stipulation, the Respondent agrees that he will not assert the entry of the Order or 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, the Order, and the payment by the Respondent 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 the Respondent 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.

7. Nondischargeability in Bankruptcy.

Respondent's obligation to pay civil money penalties pursuant to this Stipulation and the Order shall not be dischargeable in bankruptcy under any circumstances.

8. Indemnification.

The Respondent shall neither cause nor permit the Association (or any subsidiary thereof) to incur, directly or indirectly, any expense for the amount of the civil money penalties assessed under the Order or any legal or other professional expenses incurred relative to the negotiation and issuance of the Order, nor obtain any indemnification (or other reimbursement) from the Association (or any subsidiary thereof) with respect to such amounts.

WHEREFORE, in consideration of the foregoing and intending to be legally bound hereby, the OTS (acting by and through the undersigned) and Arthur L. Schiel execute this Stipulation and Consent to Entry of an Order to Cease and Desist and Issuance of a Civil Money Penalty Assessment as of the date written above.

OFFICE OF THRIFT SUPERVISION
By:

/s/

Angelo A. Vigna
Regional Director
Northeast Region

THE RESPONDENT

/s/

Arthur L. Schiel

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ORDER TO CEASE AND DESIST

AND

ORDER OF ASSESSMENT OF CIVIL MONEY PENALTIES

WHEREAS, Arthur L. Schiel (the "Respondent") was an institution-affiliated party of Progress Federal Savings Bank, Plymouth Meeting, Pennsylvania (the "Association"), a savings association regulated by the Office of Thrift Supervision ("OTS"), pursuant to the Home Owners' Loan Act, 12 U.S.C. §§1461 et seq.; and

WHEREAS, the Respondent has executed the attached Stipulation and Consent to Issuance of a Cease and Desist Order and an Assessment of Civil Money Penalties (the "Stipulation"), which is incorporated herein by this reference and has been accepted and approved by the OTS by and through the undersigned Regional Director; and

WHEREAS, the Respondent, by execution of the Stipulation, has consented and agreed to the issuance of this Order to Cease and Desist and to Assess Civil Money Penalties (the "Order"), pursuant to Sections 8(b) and (i)(2) of the Federal Deposit Insurance Act, as amended, 12 U.S.C. §§1818(b) and (i)(2).

NOW THEREFORE, IT IS ORDERED THAT

1. Arthur L. Schiel shall cease and desist from any participation, directly, indirectly, or in any manner, in the conduct of the affairs of any Federally regulated depository institution or any holding company, subsidiary, or service corporation thereof or of the other entities that are enumerated or described in Section 8(e)(7)(A) of the FDIA, 12 U.S.C.A. §1818(e)(7)(A) or any holding company, subsidiary, or service corporation thereof (hereinafter referred to singly or collectively as "Thrift Entity") including but not limited to as follows:

(a) controlling or influencing, or attempting to control or influence, the affairs, operations, or management of any Thrift Entity;

(b) holding any office in, being employed by, serving as an agent for, or participating in the conduct of the affairs of any Thrift Entity;

(c) voting for a director of any Thrift Entity;

(d) serving or acting as an institution-affiliated party of any Thrift Entity;

(e) soliciting, procuring, transferring, attempting to transfer, voting, or attempting to vote, any proxy, consent, or authorization with respect to any voting rights of any Thrift Entity;

(f) selling or transferring any security of any Thrift Entity; except: (1) by way of sale or transfer effected by a brokers' transactions as such term is defined under Section 4(4) of the Securities Act of 1933, (2) through private sales to persons who are not deemed "affiliates" of Respondent as such term is defined in 12 C.F.R. §561.5, or (3) in a transaction open to and on the same terms and conditions as offered to all other securities holders of a Thrift Entity; and

(g) owning, equitably or beneficially, or controlling, directly or indirectly, any debt or equity security issued by any Thrift Entity except to the extent of any debt or equity securities issued directly

or indirectly by any Thrift Entity and owned or controlled, directly or indirectly, by the Respondent on the Effective Date hereof

without the prior written approval of the OTS (acting through its Director or an authorized representative thereof). Notwithstanding anything herein to the contrary, Respondent shall be permitted to buy securities of any Thrift Entity so long as Respondent's holdings thereof and therein do not exceed one (1%) per cent of the issued and outstanding shares of such Thrift Entity. Further, and notwithstanding anything herein to the contrary, Respondent shall be permitted to exercise the voting rights of securities issued by any Thrift Entity, save for any security issued, directly or indirectly, by the Association or by any holding company thereof, so long as Respondent's holdings in such Thrift Entity does not exceed one (1%) per cent of the Thrift Entity's issued and outstanding shares of such Thrift Entity and so long as Respondent's voting of such shares does not contravene 12 C.F.R. Part 574 or any other statute or regulation.

The Respondent acknowledges that the exercise by the OTS of its authority to deny any approval sought by the Respondent regarding this Order or its subject matter shall be plenary and final and not subject to judicial challenge, review or modification.

2. Arthur L. Schiel shall cooperate in any examination, inquiry, investigation, or enforcement proceeding conducted by any Federal banking agency by providing information, documents, and testimony if, and as, requested to do so by any such Federal banking agency.

3. Arthur L. Schiel shall pay to the OTS the sum of Four Thousand Dollars (\$4,000.00). Within five (5) business days of the effective date of this Order, the Respondent shall pay to the OTS a sum in the amount of One Thousand Dollars (\$1,000.00), by tendering a certified check to the OTS in that amount made payable to the order of the Treasurer of the United States. The check and a copy of this Order shall be sent to the following address:

Controller's Division
Office of Thrift Supervision
1700 G Street, N.W.
Washington, D.C. 20552

A copy of the transmittal letter to the Controller's Division, along with evidence of the payment, shall be sent to:

Eugene M. Schwartz
Senior Attorney
Office of Thrift Supervision
10 Exchange Place, 18th floor
Jersey City, New Jersey 07302

By the expiration of each ninety (90) day period thereafter, Respondent shall pay to the OTS, in accordance with the procedures contained in this paragraph, a sum in the amount of One Thousand Dollars (\$1,000.00) until such time as Respondent shall have paid to OTS the total sum of Four Thousand Dollars (\$4,000.00). Respondent, at the time of each such payment, shall make the notification as contained in this paragraph.

4. This Order is subject to the provisions of Section 8(j) of the FDIA, 12 U.S.C.A. §1818(j) as amended, and shall become effective on the date it is issued, as shown in the caption above.

5. The Stipulation is made a part hereof and is incorporated herein by this reference.

6. Reference in this Order to provisions of statutes and regulations shall be deemed to include references to all amendments to such provisions as have been made as of the Effective Date hereof and references to successor provisions as they become applicable.

7. (a) Except as otherwise provided herein, any request, demand, authorization, direction, notice, consent, waiver, or other document provided or permitted by the Order to be made upon, given or furnished to, delivered to, or filed with:

(1) the OTS by the Respondent shall be sufficient for every purpose hereunder if in writing and mailed, first class or airmail postage prepaid or sent via overnight delivery service or physically delivered, in each case addressed to the Regional Director, Office of Thrift Supervision, Department of the Treasury, Ten Exchange Place, 18th Floor, Jersey City, New Jersey 07302, or telecopied to (201) 413-7543 and confirmed by mail, first class or airmail postage prepaid, overnight delivery service, or physically delivered, in each case to the above address.

(2) the Respondent by the OTS shall be sufficient for every purpose hereunder if in writing and mailed, first class or airmail postage prepaid or sent via overnight delivery service or physically delivered, in each case addressed to the Respondent at 2046 Hawthorne Place, Paoli, Pa 19301.

(b) Notices hereunder shall be effective upon receipt, if by mail, overnight delivery service or telecopy, and upon delivery, if by physical delivery. If there is a dispute about the date on which a written notice has been received by a party to this order, then, in the event such notice was sent by the United States mail, there shall be a presumption that the notice was received two Business Days after the date of the postmark on the envelope in which the notice was enclosed.

8. The Order is effective and enforceable immediately upon the date of its issuance by the OTS ("Effective Date"), which date is set forth herein.

9. From the effective date of this Order, the Respondent, upon the request of the OTS, shall provide promptly to the OTS such testimony under oath and documents as OTS may require to demonstrate compliance with this Order.

IT IS SO ORDERED on this 17 day of December, 1992.

OFFICE OF THRIFT SUPERVISION

By:

/s/

Angelo A. Vigna
Regional Director, Northeast Region