

UNITED STATES OF AMERICA
Before The
OFFICE OF THRIFT SUPERVISION

_____)	
In the Matter of)	
)	
Robert P. Kavulla)	
)	Order No. CHI-99-12
A Former Officer)	
and Director of)	Date: June 11, 1999
Century Bank)	
Parma, Ohio)	
_____)	

**STIPULATION AND CONSENT TO THE ISSUANCE
OF AN ORDER OF PROHIBITION**

WHEREAS, the Office of Thrift Supervision ("OTS"), based upon information derived from the exercise of its regulatory responsibilities, has informed **Robert P. Kavulla**, a former officer and director of Century Bank, Parma, Ohio, OTS Docket Number 01420 ("Century Bank") that grounds exist to initiate an administrative prohibition proceeding against him pursuant to 12 U.S.C. § 1818(e),¹ and

WHEREAS, **Robert P. Kavulla** desires to cooperate with the OTS and to avoid the time and expense of such administrative proceeding and, without admitting or denying that such grounds exist, or the Findings of Fact or opinions and conclusions of the OTS, except as to Jurisdiction, paragraph 1, below, which is admitted, and solely for

¹ All references to the United States Code ("U.S.C.") are as amended, unless otherwise indicated.

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the purpose of settling this matter, pursuant to Federal Rule of Evidence 408, hereby stipulates and agrees to the following:

1. Jurisdiction. (a) Century Bank is a "savings association" within the meaning of 12 U.S.C. § 1813(b) and 12 U.S.C. § 1462(4). Accordingly, it is an "insured depository institution" as that term is defined in 12 U.S.C. § 1813(c);

(b) **Robert P. Kavulla** was an officer and director of Century Bank and is an "institution-affiliated party" as that term is defined in 12 U.S.C. § 1813(u), having served in such capacity within 6 years of the date hereof (see 12 U.S.C. § 1818(i)(3)); and

(c) Pursuant to 12 U.S.C. § 1813(q), the Director of the OTS is the "appropriate Federal Banking agency" to maintain an administrative prohibition proceeding against such a savings association or its institution-affiliated parties. Therefore, **Robert P. Kavulla** is subject to the jurisdiction of the OTS to initiate and maintain an administrative proceeding against him pursuant to 12 U.S.C. § 1818(e). The Director of the OTS has delegated to the Regional Director of the Central Region of the OTS or his designee ("Regional Director") the authority to issue prohibition orders where the individual has consented to the issuance of the order.

2. OTS Findings of Fact. The OTS finds that:

(a) **Robert P. Kavulla** agreed to represent an individual with regard to her deceased brother's estate. The deceased brother had several individual accounts at Century Bank.

(b) As President of Century Bank, **Robert P. Kavulla** obtained the signature cards for the deceased brother's accounts. **Robert P. Kavulla** participated in the alteration of these signature cards to change the deceased brother's accounts from individual accounts to joint and survivorship accounts. The alterations included having his client's name added to the signature cards and having the signature cards stamped with the phrase "either may draw balance at death of either to survivor."

(c) As a result of his actions, **Robert P. Kavulla**: (i) breached his fiduciary duty to Century Bank; (ii) by reason of his breach, the interests of Century Bank's depositors could have been prejudiced; and (iii) his breach involved personal dishonesty.

3. Consent. **Robert P. Kavulla** consents to the issuance by the OTS of the accompanying Consent Order of Prohibition ("Order"). **Robert P. Kavulla** further agrees to comply with the terms of the Order upon issuance and stipulates that the Order complies with all requirements of law.

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

5. Waivers. **Robert P. Kavulla** waives the following:

(a) the right to be served with a written notice of the OTS's charges against him (referred to as a Notice of Intention to Prohibit) as provided by 12 U.S.C. § 1818(e);

(b) the right to an administrative hearing of the OTS's charges against him as provided by 12 U.S.C. § 1818(e);

(c) the right to seek judicial review of the Order, including, without limitation, any such right provided by 12 U.S.C. § 1818(h), or otherwise to challenge the validity of the Order;

(d) any and all claims against the OTS, including its employees and agents, and any other governmental entity for the award of fees, costs or expenses related to this OTS enforcement matter and/or the Order, whether arising under common law, the Equal Access to Justice Act, 5 U.S.C. § 504 or 28 U.S.C. § 2412; and

(e) the right to assert this proceeding, his consent to issuance of the Order, the issuance of the Order, the payment of any monies or the provision of any other financial relief as contemplated by the Order 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.

6. Indemnification. **Robert P. Kavulla** represents that he has not received, directly or indirectly, any sums from Century Bank for the purpose of indemnifying or reimbursing him for any expenses incurred by him in connection with the OTS investigation. **Robert P. Kavulla** shall neither cause nor permit Century Bank (or any successor institution, holding company, subsidiary or service corporation thereof) to incur, directly or indirectly, any expense for any legal or other professional services rendered to **Robert P. Kavulla** relative to the negotiation and issuance of the Order, nor

obtain any indemnification (or other reimbursement) from Century Bank (or any successor institution, holding company, subsidiary or service corporation thereof) with respect to such expenses. In the event that any such payments are received by or on behalf of **Robert P. Kavulla** in connection with this action, **Robert P. Kavulla** agrees promptly to notify the OTS of the receipt of such payments and to return such payments without delay to Century Bank (or the successor institution, holding company, subsidiary or service corporation thereof).

7. Other Governmental Actions Not Affected. (a) **Robert P. Kavulla** acknowledges and agrees that the consent to the issuance of the Order does not release, discharge, compromise, settle, dismiss, resolve, or in any way affect any actions, charges against, or liability of **Robert P. Kavulla** that arise pursuant to this action or otherwise and that may be or have been brought by another governmental entity.

(b) The OTS releases Kavulla from all other administrative or civil actions or proceedings that have been or could be brought by it against Kavulla based upon, or arising from, his participation in the affairs of Century Bank prior to the date of this Stipulation, except for a failure to comply with the Stipulation and Order.

8. Agreement for Continuing Cooperation. **Robert P. Kavulla** agrees that, at the OTS's written request, on reasonable notice and without service of a subpoena, he will provide discovery and testify truthfully at any deposition or at any judicial or administrative proceeding related to any investigation, litigation, or other proceeding

maintained by the OTS relating to Century Bank, its holding company, service corporations, or subsidiaries or its institution-affiliated parties, except that **Robert P. Kavulla** does not waive any privilege against self-incrimination under the Fifth Amendment of the United States Constitution or any attorney-client privilege. If **Robert P. Kavulla** invokes his privilege against self-incrimination under the Fifth Amendment of the United States Constitution and the OTS obtains a grant of immunity pursuant to 18 U.S.C. § 6001 et seq., **Robert P. Kavulla** agrees, consistent with any such grant of immunity, to provide discovery and testify truthfully at any deposition and at any judicial, administrative, or investigative proceeding on the matter for which immunity is given.

9. Acknowledgment of Criminal Sanctions. **Robert P. Kavulla** acknowledges that the Stipulation and Order are subject to the provisions of 12 U.S.C. § 1818(j).

10. Miscellaneous. (a) The construction and validity of this Stipulation and the Order shall be governed by the laws of the United States of America;

(b) All references to the OTS in this Stipulation and the Order shall also mean any of the OTS's predecessors, successors, and assigns;

(c) The section and paragraph headings in this Stipulation and the Order are for convenience only, and such headings shall not affect the interpretation of this Stipulation or the Order;

(d) The terms of this Stipulation and the Order represent the final written agreement of the parties with respect to the subject matters hereof, and constitute the sole agreement of the parties with respect to such subject matters; and

(e) This Stipulation and the Order shall remain in effect until terminated, modified, or suspended in writing by the OTS, acting through its Director, Regional Director, or other authorized representative.

WHEREFORE, Robert P. Kavulla, executes this Stipulation and Consent to the Issuance of an Order of Prohibition, intending to be legally bound hereby.

Accepted by:

OFFICE OF THRIFT SUPERVISION

By: Robert P. Kavulla
Robert P. Kavulla

Ronald N. Karr
Ronald N. Karr
Regional Director
Central Region

Dated: June 10, 1999

Dated: 6-11-99

UNITED STATES OF AMERICA
Before The
OFFICE OF THRIFT SUPERVISION

In the Matter of)	
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Robert P. Kavulla)	Order No. CHI-99-12
)	
A Former Officer)	Dated: June 11, 1999
and Director of)	
Century Bank)	
Parma, Ohio)	

CONSENT ORDER OF PROHIBITION

WHEREAS, Robert P. Kavulla has executed a Stipulation and Consent to the Issuance of an Order of Prohibition ("Stipulation"); and

WHEREAS, Robert P. Kavulla, by his execution of the Stipulation, has consented and agreed to the issuance of this Order of Prohibition ("Order") by the Office of Thrift Supervision ("OTS"), pursuant to 12 U.S.C. § 1818(e).

NOW THEREFORE, IT IS ORDERED that:

1. **Robert P. Kavulla** is prohibited from further participation, in any manner, in the conduct of the affairs of Century Bank, Parma, Ohio, OTS Docket Number 01420, and any holding company, subsidiary, and/or service corporation thereof.

2. **Robert P. Kavulla**, except upon the prior written consent of the OTS (acting through its Director or an authorized representative thereof) and any

Robert P. Kavulla
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other "appropriate Federal financial institutions regulatory agency," for purposes of 12 U.S.C. § 1818(e)(7)(B)(ii), shall not:

(a) hold any office in, or participate in any manner in the conduct of the affairs of, any institution or agency specified in 12 U.S.C. § 1818(e)(7)(A), including, but not limited to:

- (i) any insured depository institution, e.g., savings and loan associations, savings banks, national banks, trust companies, and other banking institutions;
- (ii) any institution treated as an insured bank under 12 U.S.C. §§ 1818(b)(3) and 1818(b)(4), or as a savings association under 12 U.S.C. § 1818(b)(9), e.g., subsidiaries and holding companies of banks or savings associations;
- (iii) any insured credit union under the Federal Credit Union Act [12 U.S.C. § 1781 et seq.];
- (iv) any institution chartered under the Farm Credit Act of 1971 [12 U.S.C. § 2001 et seq.];
- (v) any appropriate Federal depository institution regulatory agency, within the meaning of 12 U.S.C. § 1818(e)(7)(A)(v);
and
- (vi) the Federal Housing Finance Board and any Federal Home Loan Bank.

(b) solicit, procure, transfer, attempt to transfer, vote, or attempt to vote any proxy, consent, or authorization with respect to any voting rights in any institution described in 12 U.S.C. § 1818(e)(7)(A);

(c) violate any voting agreement previously approved by the "appropriate Federal banking agency" within the meaning of 12 U.S.C. § 1813(q); or

(d) vote for a director, or serve or act as an "institution-affiliated party," as that term is defined at 12 U.S.C. § 1813(u), e.g., a director, officer, employee, controlling stockholder of, or agent for, an insured depository institution.

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

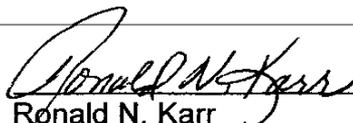
4. This Order is subject to the provisions of 12 U.S.C. § 1818(j).

5. **Robert P. Kavulla** shall promptly respond to any request from the OTS for documents that the OTS reasonably requests to demonstrate compliance with this Order.

6. This Order is and shall become effective on the date it is issued, as shown in the caption hereof. The Stipulation and the Order shall remain in effect until terminated, modified or suspended, in writing by the OTS, acting through its Director, Regional Director or other authorized representative.

OFFICE OF THRIFT SUPERVISION

By:


Ronald N. Karr
Regional Director
Central Region

Robert P. Kavulla
Order of Removal and Prohibition

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