

UNITED STATES OF AMERICA  
Before The  
OFFICE OF THRIFT SUPERVISION

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In the Matter of )  
RITA RAJARAM )  
Former Employee and )  
Institution-Affiliated Party of )  
FIRST NATIONWIDE BANK, A FSB, )  
San Francisco, California. )  
\_\_\_\_\_ )

OTS Order No. SF-97-004  
Dated: February 4, 1997

STIPULATION AND CONSENT TO ISSUANCE  
OF AN ORDER OF PROHIBITION AND ORDER TO  
CEASE AND DESIST FOR AFFIRMATIVE RELIEF

WHEREAS, the Office of Thrift Supervision ("OTS"), based upon information derived from the exercise of its regulatory responsibilities, has informed RITA RAJARAM ("RAJARAM"), a former employee of First Nationwide Bank, a FSB, San Francisco, California ("First Nationwide" or "the Association"), that the OTS is of the opinion that the grounds exist to initiate an administrative cease and desist and prohibition proceedings against RAJARAM pursuant to 12 U.S.C. § 1818(b) and 12 U.S.C. § 1818(e)<sup>1</sup>; and

WHEREAS, RAJARAM 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:

<sup>1</sup>All references in this Stipulation and Consent and the Order of Prohibition to the U.S.C. are as amended.

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1. Jurisdiction.

(a) The Association, at all times relevant hereto, was a "savings association" within the meaning of 12 U.S.C. § 1813(b), and Section 2(4) of the Home Owners' Loan Act, 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) RAJARAM, as a former employee of the Association is deemed to be an "institution-affiliated party" as that term is defined in 12 U.S.C. § 1813(u).

(c) Pursuant to 12 U.S.C. § 1813(q), the Director of 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, RAJARAM is subject to the authority of the OTS to initiate and maintain cease and desist and prohibition proceedings against her pursuant to 12 U.S.C. § 1818(b) and 12 U.S.C. § 1818(e).

2. OTS Findings of Fact. The OTS finds that RAJARAM from June 1995 to December 1995, without authorization, misapplied \$10,625 of the funds of five customers of First Nationwide to her own use. As a result of her actions, RAJARAM (1) engaged in a violation of the law or breached her fiduciary duty of honesty to First Nationwide; and (2) caused First Nationwide to suffer a financial loss or RAJARAM received a financial benefit or other gain; and (3) the violation of law or breach of fiduciary duty demonstrated willful and/or continuing disregard by her for the safety and soundness of First Nationwide.

3. Consent. RAJARAM consents to the issuance by the OTS of the accompanying Order of Prohibition and Order to Cease and Desist for Affirmative Relief ("Orders"). She 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 12 U.S.C. § 1818(b) and 12 U.S.C. § 1818(e). Upon its issuance by the Regional Director or designee for the West Region, 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. RAJARAM waives the following:

(a) the right to be served with a written notice of the OTS's charges against her (referred to as a Notice of Intention to Prohibit);

(b) the right to an administrative hearing of the OTS's charges against her; and

(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.

6. Indemnification. RAJARAM shall neither cause nor permit the Association (or any subsidiary thereof) to incur, directly or indirectly, any expense for any legal (or other professional expenses) incurred relative to the negotiation and issuance of the Orders, nor obtain any indemnification (or other reimbursement) from the Association (or any subsidiary thereof)

with respect to such amounts. Any such payments received by or on behalf of the Respondent in connection with this action shall be returned to the Association.

7. Other Government Actions Not Affected.

(a) RAJARAM acknowledges and agrees that the consent to the entry of the Orders are for the purposes of resolving these cease and desist and prohibition actions only, and does not release, discharge, compromise, settle, dismiss, resolve, or in any way affect any actions, charges against, or liability of RAJARAM that arise pursuant to this action or otherwise, and that may be or have been brought by any other government entity other than the OTS.

(b) By signing this Stipulation, RAJARAM agrees that she will not assert this proceeding, her consent to the entry of the Orders, and/or the entry of the Orders, 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 Federal or state governmental entity.

8. Acknowledgment of Criminal Sanctions. RAJARAM acknowledges that 12 U.S.C. § 1818(j), sets forth criminal penalties for knowing violations of this Order.

9. Agreement for Continuing Cooperation. RAJARAM agrees that, at the OTS's request, on reasonable notice and without service of a subpoena, she will provide whatever discovery and testify truthfully at any deposition and at any judicial or administrative proceeding related to any investigation, litigation, or other proceeding maintained by the OTS relating to

First Nationwide, its holding companies, its subsidiaries, and its institution-affiliated parties, except that RAJARAM does not waive any privilege against self-incrimination under the Fifth Amendment of the United States Constitution. If RAJARAM invokes a privilege against self-incrimination under the Fifth Amendment of the United States Constitution with respect to any matter about which the OTS inquires or the production of any document requested by the OTS and the OTS obtains a grant of immunity pursuant to 18 U.S.C. § 6001 et seq., RAJARAM 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.

WHEREFORE, RAJARAM executes this Stipulation and Consent to Issuance of an Order of Prohibition and Order to Cease and Desist for Affirmative Relief, intending to be legally bound hereby.

By:

Accepted by:

Office of Thrift Supervision

*Rita R. Rajaram*  
RITA RAJARAM

*John F. Robinson*  
John F. Robinson  
Regional Director  
West Region

Nicholas T. Sebastiani Notary  
State of New York  
Notary Public Exp. Date  
December 28, 1997

Date: 1/29/97

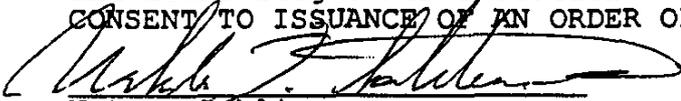
Date: February 4, 1997

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State of New York )

County of Nassau )

On this 29 day of January, 1997, before me, the undersigned notary public, personally appeared Rita Rajaram and acknowledged her execution of the foregoing STIPULATION AND CONSENT TO ISSUANCE OF AN ORDER OF PROHIBITION.

  
Notary Public

Nicholas J. Scarpellino Notary  
Public, New York  
Nassau County, Exp Date  
December 26, 1997

My commission expires:

December 26, 1997

(rajaram.stp cs/05/word)

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FIRST NATIONWIDE BANK, A FSB, )  
San Francisco, California. )  
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OTS Order No. SF-97-004  
Dated: February 4, 1997

ORDER OF PROHIBITION AND ORDER TO  
CEASE AND DESIST FOR AFFIRMATIVE RELIEF

WHEREAS, RITA RAJARAM ("RAJARAM") has executed a Stipulation and Consent to Issuance of an Order of Prohibition and Order to Cease and Desist for Affirmative Relief ("Stipulation") on January 29, 1997; and

WHEREAS, RAJARAM, by her execution of the Stipulation, has consented and agreed to the issuance of this Order of Prohibition and Order to Cease and Desist for Affirmative Relief ("Orders") by the Office of Thrift Supervision ("OTS"), pursuant to 12 U.S.C. § 1818(e) and 12 U.S.C. § 1818(b); and

NOW THEREFORE, IT IS ORDERED that:

1. RAJARAM is prohibited from further participation, in any manner, in the conduct of the affairs of First Nationwide Bank, a FSB, San Francisco, California ("First Nationwide"), and any successor institution, holding company, subsidiary, and/or service corporation thereof.

2. RAJARAM is and shall be subject to the statutory prohibitions provided by 12 U.S.C. § 1818(e). Due to and without limitation on the operation of 12 U.S.C. §§ 1818(e)(6) and 1818(e)(7), RAJARAM except upon the prior written consent of the OTS (acting through its Director or an authorized representative thereof) and any 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 any agency specified in 12 U.S.C. § 1818(e)(7)(A) ("Covered Institution"), including:

(i) any insured depository institution, as defined in Section 8(c) of the FDIA, 12 U.S.C. § 1813(c);

(ii) any institution treated as an insured bank under 12 U.S.C. § 1818(b)(3) or (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. § 1751 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; and

(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 Covered Institution;

(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 defined in 12 U.S.C. § 1813(u), e.g., a director, officer, employee, controlling shareholder 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), and shall become effective on the date it is issued.

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

6. The terms and provisions of this Order shall be binding upon, and inure to the benefit of, the parties hereto and their successors in interest.

**IT IS FURTHER ORDERED that:**

**ORDER TO CEASE AND DESIST FOR AFFIRMATIVE RELIEF**

7. RAJARAM is and shall be subject to the statutory requirements provided by 12 U.S.C. § 1818(b).

8. RAJARAM shall pay restitution to First Nationwide in the total amount of \$10,625, pursuant to the terms of the agreement between First Nationwide and RAJARAM executed by RAJARAM on February 23, 1996.

9. All payments should be made payable to First Nationwide with a copy to the OTS West Region Enforcement/Litigation Department by U.S. Mail to:

James A. Hendriksen  
Regional Enforcement Counsel  
Office of Thrift Supervision  
Post Office Box 7165  
San Francisco, CA 94120

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

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THE OFFICE OF THRIFT SUPERVISION  
By:

  
\_\_\_\_\_  
John F. Robinson  
Regional Director  
West Region

(rajaram.ord cs/05/word)

Rajaram Order

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