

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

In the Matter of)
DONALD GLACHMAN,)
formerly a controlling)
stockholder of FIRST NORTHERN)
COOPERATIVE BANK)
Keene, New Hampshire)

Order No. NE97-2

Dated: February 4, 1997

STIPULATION AND CONSENT TO 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 DONALD GLACHMAN, formerly the controlling stockholder and a director of First Northern Cooperative Bank, Keene, New Hampshire ("FNC Bank"), that grounds exist for the OTS to initiate an administrative prohibition proceeding against him pursuant to 12 U.S.C. § 1818(e);¹ and

WHEREAS, DONALD GLACHMAN desires to cooperate with the OTS and to avoid the time and expense of such administrative litigation.

NOW, THEREFORE, DONALD GLACHMAN, without admitting or denying that such grounds exist, or the Findings of Fact or opinions and conclusions of the OTS, except those as to the OTS's jurisdiction over him, which is admitted (as provided by paragraph 1 below), hereby stipulates and agrees to the following:

1. Jurisdiction.

(a) First Northern Cooperative Bank, at all times

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

relevant hereto, was a "savings association" within the meaning of 12 U.S.C. § 1813(b) and 12 U.S.C. § 1462(4). Accordingly, at all times relevant hereto, it was an "insured depository institution" as that term is defined in 12 U.S.C. § 1813(c).

(b) DONALD GLACHMAN was a controlling stockholder and director of First Northern Cooperative 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 six (6) years of the date hereof. See 12 U.S.C. § 1818(i)(3).

(c) Pursuant to 12 U.S.C. § 1813(g), the Director of the OTS is the "appropriate Federal banking agency" to maintain administrative enforcement proceedings, pursuant to provisions of 12 U.S.C. § 1818, against institution-affiliated parties of savings associations. Therefore, DONALD GLACHMAN is subject to the authority of the OTS to initiate and maintain an administrative prohibition proceeding against him pursuant to 12 U.S.C. § 1818(e).

(d) The Director of the OTS has delegated to the Regional Director of the Northeast Region or his designee ("Regional Director") the authority to issue administrative orders, pursuant to provisions of 12 U.S.C. § 1818, where the subjects of such orders have consented to the issuance thereof. Accordingly, the undersigned Regional Director is authorized to cause the OTS to issue the accompanying ORDER OF PROHIBITION (the "Order").

2. Findings of Fact. The OTS finds that:

(a) DONALD GLACHMAN was the controlling stockholder and a director of FNC Bank from 1985 until it was placed into

receivership in February 1991. At all times that DONALD GLACHMAN was a controlling stockholder of FNC Bank, he also was an officer, director, and/or controlling stockholder of other companies, including Norfirst Holding Corp. and its subsidiary, First Northern Mortgagee Corporation ("Mortgagee"). Mortgagee was a Glachman-owned mortgage banking company that, inter alia, serviced mortgage loans that it sold to Freddie Mac and other participants in the secondary mortgage market.

(b) On numerous occasions during 1988 through 1990, DONALD GLACHMAN failed to recuse himself from participating in discussions and decisions by FNC Bank's Board of Directors and management that authorized the bank to engage in transactions with Mortgagee. Several of these transactions concerned the purchase by FNC Bank of mortgage loans originated by Mortgagee. Many of the mortgage loans that DONALD GLACHMAN participated in causing FNC Bank to buy from Mortgagee were loans that failed to conform with the bank's loan underwriting requirements; these loans also failed to qualify for purchase by Freddie Mac and Fannie Mae. Subsequently, many of the purchased loans defaulted, which caused FNC Bank to suffer substantial loss. In view of the foregoing, DONALD GLACHMAN engaged in conflict-of-interest transactions contrary to 12 C.F.R. § 571.7 (1988-1990), breached his fiduciary duties owed to FNC Bank, and participated in unsafe or unsound banking practices.

(c) Mortgagee, while under the control of DONALD GLACHMAN and his son, RICHARD L. GLACHMAN, maintained deposit accounts at FNC Bank in which mortgage escrow funds were held in connection with mortgage loans that Mortgagee serviced for Freddie

Mac. At various times during 1990, Mortgagee engaged in loan servicing irregularities that were inconsistent with Mortgagee's obligations as seller-servicer for Freddie Mac. When Freddie Mac discovered this activity it terminated Mortgagee as an authorized seller-servicer and required that the funds in the escrow accounts at FNC Bank be moved to a different banking institution. This adversely affected FNC Bank's liquidity and its reputation. In view of the foregoing, DONALD GLACHMAN engaged in unsafe or unsound practices that were detrimental to both Mortgagee and FNC Bank.

3. Consent. DONALD GLACHMAN consents to the issuance by the OTS of the accompanying Order. DONALD GLACHMAN 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 by the OTS under the authority of 12 U.S.C. § 1818(e). Upon its issuance by the OTS, by and through its Regional Director for the Northeast Region, it shall be a final order that is effective and fully enforceable by the OTS under the provisions of 12 U.S.C. § 1818(i).

5. Waivers.

(a) DONALD GLACHMAN waives the following:

(i) the right to be served with a written notice of the OTS's charges against him, which notice would be issued and served pursuant to 12 U.S.C. § 1818(e);

(ii) the right to an administrative adjudicatory hearing of the OTS's charges against him, which hearing is provided by 12 U.S.C. §§ 1818(e) and 1818(h)(1);

(iii) the right to seek judicial review of the Order,

including, without limitation, any such right provided by 12 U.S.C. § 1818(h)(2), or otherwise to challenge the validity of the Order; and

(iv) 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 or under the Equal Access to Justice Act, 5 U.S.C. § 504 and 28 U.S.C. § 2412.

(b) By signing this Stipulation DONALD GLACHMAN agrees that he will not assert in any pending or future proceeding brought by the United States Department of Justice or any other governmental entity that anything related to this settlement, including any provision of the Order, provides the basis for a claim of double jeopardy.

6. Other Government Actions Not Affected. DONALD GLACHMAN acknowledges and agrees that his consent to the OTS's issuance of the Order is intended solely for purposes of settling and resolving the OTS's administrative enforcement claims against him, pursuant to provisions of 12 U.S.C. § 1818, relating in any manner to FNC Bank. DONALD GLACHMAN further stipulates and agrees that the settlement effected by his entering into this Stipulation and by the OTS's issuance of the Order does not release, discharge, compromise, settle, dismiss, resolve, preclude, or in any way affect any other actions, claims, liability of, charges against, or proceedings against DONALD GLACHMAN (whether administrative, civil, or criminal) that may be or have been brought by the OTS or any other government agency or entity.

7. Representation as to Assets. It is understood that, as part of this settlement, the OTS has relied in part on DONALD GLACHMAN's representations concerning his current financial condition, as set forth in an Affidavit of Financial Condition dated as of December 14, 1995 (with attached schedules of assets and liabilities), as updated by a letter dated January 23, 1997, from DONALD GLACHMAN (collectively the "Financial Statements"). In the event that any information set forth in such Financial Statements is found to be false or misleading with respect to any material fact (including but not limited to the failure to identify and/or value any material asset), the OTS reserves the right to take any action authorized by law, in the exercise of its discretion, including assessing civil money penalties under 12 U.S.C. § 1818(i), or to void this Stipulation and the Order, or to take any other legal action.

8. 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 in 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 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.

(e) This Stipulation and the Order shall remain in effect until terminated, modified, or suspended in writing by the OTS, acting through the Regional Director. The Regional Director may suspend, in his sole discretion, any or all provisions of this Stipulation or of the Order.

WHEREFORE, DONALD GLACHMAN executes this Stipulation, intending to be legally bound hereby.

Accepted by:

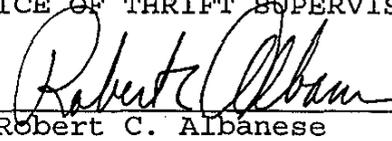
OFFICE OF THRIFT SUPERVISION



DONALD GLACHMAN

Date: January 23, 1997

(1.14)

By: 

Robert C. Albanese
Regional Director,
Northeast Region

Date: February 4, 1997

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New Hampshire)

Order No. NE97-2

Dated: February 4, 1997

ORDER OF PROHIBITION

WHEREAS, DONALD GLACHMAN has executed a Stipulation and Consent to Issuance of an Order of Prohibition ("Stipulation") on January 23, 1997; and

WHEREAS, DONALD GLACHMAN, 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).¹

NOW, THEREFORE, IT IS ORDERED that:

1. DONALD GLACHMAN is prohibited from further participation, in any manner, in the conduct of the affairs of First Northern Cooperative Bank, Keene, New Hampshire, and any holding company, subsidiary, and/or service corporation thereof.

2. DONALD GLACHMAN, 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

1. All references to the United States Code (U.S.C.) are as amended, except as otherwise specified.

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), (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 12 U.S.C. §§ 1781 et seq.;
- (iv) any institution chartered under 12 U.S.C. §§ 2001 et seq.;
- (v) any appropriate Federal financial institutions regulatory agency, within the meaning of 12 U.S.C. § 1818(e)(7); 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); and

(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. Due to issuance of this Order, DONALD GLACHMAN is a person "subject to an order in effect under subsection (e)" of 12 U.S.C. § 1818 for purposes of 12 U.S.C. § 1818(j).

5. DONALD GLACHMAN shall promptly and appropriately 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. This Order shall remain in effect until it is terminated, modified or suspended, which may occur only by formal written action of the OTS, acting by and through its Director, Regional Director or other authorized representative.

OFFICE OF THRIFT SUPERVISION

By: 

Robert C. Albanese
Regional Director,
Northeast Region

(1.14)