

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

In the Matter of)
MICHAEL P. SHEA,)
formerly a director of a)
subsidiary of and the)
holding company of)
Colonial Savings Bank, SLA,)
Roselle Park, New Jersey)

Re: OTS Order No. NE95-7
Dated: June 29, 1995

STIPULATION AND CONSENT TO ISSUANCE OF CONSENT ORDER

This Stipulation and Consent to Issuance of Consent Order ("Stipulation"), concerning the accompanying CONSENT CEASE-AND-DESIST ORDER (the "Order"), is made by MICHAEL P. SHEA, and is accepted by the OFFICE OF THRIFT SUPERVISION ("OTS"), an office within the United States Department of the Treasury, acting by and through its Regional Director for the Northeast Region.

R E C I T A L S

WHEREAS, MICHAEL P. SHEA served as a director of two companies affiliated with Colonial Savings Bank, SLA, Roselle Park, New Jersey ("Colonial Savings") (OTS No. 4916):¹ New Jersey Realty Title Insurance Company (the "Bank Subsidiary"), which had been a subsidiary of Colonial Savings; and CODELCO, Inc. (the "Holding Company"), which had been a savings and loan holding company that owned Colonial Savings; and

WHEREAS, MICHAEL P. SHEA, by and through Campbell Shea, Inc., also served as an investment advisor for the Bank Subsidiary; and

1. In November 1989, the OTS appointed the Resolution Trust Corporation as receiver for Colonial Savings.

WHEREAS, the OTS finds that, in 1988, MICHAEL P. SHEA, while a director of the Bank Subsidiary and as an investment advisor for the Bank Subsidiary, participated in a financial transaction that constituted a loan by the Bank Subsidiary to an affiliate, which the OTS concludes was in violation of 12 C.F.R. § 584.3 (1988); and

WHEREAS, MICHAEL P. SHEA neither admits nor denies the foregoing findings and conclusions of the OTS; and

WHEREAS, the OTS, based upon information derived from the exercise of its regulatory responsibilities, has informed MICHAEL P. SHEA that the OTS is of the opinion that the grounds exist to initiate an administrative proceeding against MICHAEL P. SHEA for the issuance of administrative orders, pursuant to provisions of Section 8 of the Federal Deposit Insurance Act ("FDIA"), 12 U.S.C. § 1818.²

NOW, THEREFORE, MICHAEL P. SHEA, without admitting or denying either that the aforesaid grounds exist or the OTS' opinions expressed above, and due to his desire to cooperate with the OTS and to avoid the time and expense of administrative litigation with the OTS, hereby stipulates and agrees as follows:

1. Consideration. MICHAEL P. SHEA, in view of the foregoing premises and for the purposes of this settlement only, hereby voluntarily enters into this Stipulation and consents to issuance of the Order in consideration for OTS forever releasing and discharging him from all potential administrative claims and

2. All references to the United States Code ("U.S.C.") in this Stipulation and the Order are to the U.S.C. as amended.

charges that have been or might have been asserted by the OTS against him based on his alleged acts and omissions in his capacity as a director, officer, investment advisor or other institution-affiliated party with respect to the Bank Subsidiary, Colonial Savings, the Holding Company, or any subsidiary or other affiliate of any of the aforesaid companies, or in any other capacity that has come within the scope of OTS investigation No. ERC-89-65, which concerned Colonial Savings and its affiliated companies.

2. Jurisdiction.

(a) Colonial Savings was a "savings association" within the meaning of Section 3(b) of the FDIA, 12 U.S.C. § 1813(b), and Section 2(4) of the Home Owners' Loan Act, 12 U.S.C. § 1462(4), and an "insured depository institution" as that term is defined in Section 3(c) of the FDIA, 12 U.S.C. § 1813(c). At all material times the Bank Subsidiary was a subsidiary of Colonial Savings, and the Holding Company was a savings and loan holding company of Colonial Savings. The Bank Subsidiary, the Holding Company, its affiliates and their institution-affiliated parties are and have been subject to the OTS' jurisdiction and authority, as provided by Section 8(b)(9) of the FDIA, 12 U.S.C. § 1818(b)(9) (formerly codified at 12 U.S.C. § 1818(b)(8)).

(b) MICHAEL P. SHEA served as a director and investment advisor of the Bank Subsidiary and as a director of the Holding Company, and therefore admits for the purposes of this proceeding only that he is an "institution-affiliated party," as that term is defined in Section 3(u) of the FDIA, 12 U.S.C. § 1813(u), having

served in such capacity within six (6) years of his execution hereof.

(c) Pursuant to Section 3(q) of the FDIA, 12 U.S.C. § 1813(q), the OTS is the "appropriate Federal banking agency" to maintain administrative enforcement proceedings against institution-affiliated parties relative to savings associations as well as the subsidiaries and holding companies thereof, and therefore MICHAEL P. SHEA admits for the purposes of this proceeding only that he is subject to the authority of the OTS to initiate and maintain administrative proceedings against him pursuant to 12 U.S.C. § 1818(b).

3. Consent. MICHAEL P. SHEA consents to the issuance by the OTS of the Order, and agrees to comply with the terms of the Order. MICHAEL P. SHEA further stipulates that the Order (including the OTS' issuance thereof) 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). Upon its issuance by the OTS (by and through its Regional Director for the Northeast Region), the Order shall be a final order that is effective and fully enforceable by the OTS under provisions of federal law, including, but not limited to, 12 U.S.C. § 1818(i).

5. Waivers.

(a) MICHAEL P. SHEA, following consultation with his counsel and for the purposes of implementing this settlement, which pertains to the OTS' findings referred to above, voluntarily and knowingly waives:

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

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

(iii) the right to seek judicial review of the Order, including (but not limited to) any such right provided by Section 8(h)(2) of the FDIA, 12 U.S.C. § 1818(h)(2), or otherwise to challenge the validity of the Order; and

(iv) any and all claims 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) The waivers by MICHAEL P. SHEA set out in this Stipulation are limited to the OTS and shall not constitute a waiver or relinquishment of any rights or claims which MICHAEL P. SHEA may have against the Resolution Trust Corporation or any other entity other than the OTS.

6. Indemnification. MICHAEL P. SHEA shall neither (i) cause or permit Colonial Savings, which is in receivership (or any subsidiary or other affiliate thereof) to incur, directly or indirectly, any Covered Expenses (as defined below), nor (ii) apply to or obtain any indemnification (or other reimbursement) from Colonial Savings (or any subsidiary or other affiliate thereof) with respect to any such Covered Expenses directly or indirectly incurred by him. Any such payments received by or on

behalf of MICHAEL P. SHEA in connection with this action shall be returned to Colonial Savings, including any receiver or successor thereof. For purposes of this paragraph, "Covered Expenses" refers to any legal or other professional expenses incurred by MICHAEL P. SHEA in connection with: (i) the OTS' investigation (No. ERC-89-65) concerning Colonial Savings and affiliated companies, including the Bank Subsidiary and the Holding Company; (ii) any Federal court litigation with the OTS related or incident to the aforementioned investigation; or (iii) the negotiation of this settlement concluded by execution of this Stipulation and issuance of the Order.

7. Other Government Actions Not Affected. MICHAEL P. SHEA's consent to the issuance by the OTS of the Order is intended solely for purposes of settling and resolving the OTS' claims against him, as provided by paragraph 1 hereof, and does not release, discharge, compromise, settle, dismiss, resolve, or in any way affect any actions, claims, charges against, or liability of MICHAEL P. SHEA that arise in connection with his former affiliations with the Bank Subsidiary, Colonial Savings, Campbell Shea, Inc., the Holding Company or any affiliate thereof, and that may be or have been brought by any government agency or entity other than OTS. MICHAEL P. SHEA's execution of this Stipulation shall not constitute a release by MICHAEL P. SHEA of any claims or rights he may have against the Resolution Trust Corporation or any other entity other than the OTS.

8. Understanding about Financial Condition. It is understood that, as part of this settlement, the OTS has agreed to

refrain from including an assessment of civil money penalties in the Order, based on MICHAEL P. SHEA's representations about his current financial condition, as set forth in a written statement of financial condition dated June 16, 1995 (on OTS Form 1571, the "Statement of Financial Condition"), which has been signed by MICHAEL P. SHEA. In the event that any information included in the Statement of Financial Condition is found to be false or misleading with respect to any material fact, or if in connection with the Statement of Financial Condition MICHAEL P. SHEA shall have omitted to state a material fact concerning any matter addressed in the Statement of Financial Condition, then, without limitation on other available remedies available under Federal law, the OTS may, in the exercise of its discretion, seek an assessment of civil money penalties against MICHAEL P. SHEA in the manner provided by Federal banking law, notwithstanding the release at paragraph no. 1 hereof. In connection with any administrative proceeding or other litigation related to such an assessment of civil money penalties, MICHAEL P. SHEA waives any right he may otherwise have to assert that he should not be deemed an institution-affiliated party subject to the OTS' jurisdiction, but no other waivers by MICHAEL P. SHEA set forth in this Stipulation shall be applicable in such litigation.

9. Communications.

(a) (i) The OTS may send written notices to MICHAEL P. SHEA at the following address:

Mr. Michael P. Shea
919 3rd Ave., 10th Floor
Suite 2140
New York, New York 10022

(ii) MICHAEL P. SHEA shall promptly provide the OTS with written notice of any change of his address.

(b) All communications required or permitted to be sent by MICHAEL P. SHEA to the OTS shall be sent to:

Angelo A. Vigna, Regional Director
Office of Thrift Supervision
Northeast Regional Office
10 Exchange Place, 18th Floor
Jersey City, New Jersey 07302

with a copy also sent to the OTS' Deputy Chief Counsel for Enforcement at:

OFFICE OF THRIFT SUPERVISION
1700 G Street, N.W.
Washington, D.C. 20552

or such other addresses as may be the subject of written notice to MICHAEL P. SHEA by the OTS.

(c) If MICHAEL P. SHEA is required to send a notice or other communication to the Federal Deposit Insurance Corporation pursuant to any requirement of the Order, he shall send such notice or other communication to the following address:

Regional Director
FEDERAL DEPOSIT INSURANCE CORPORATION
Northeast Regional Office
452 Fifth Ave., 19th Floor
New York, New York 10018.

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' predecessors, successors, and assigns due to the operation of Federal banking

law, including any amendments thereto.

(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.

(e) The terms of this Stipulation and of the Order may not be amended or modified except by formal written action of the OTS.

WHEREFORE, on this 28th day of June 1995, MICHAEL P. SHEA executes this Stipulation, intending to be legally bound hereby.

Accepted by:

OFFICE OF THRIFT SUPERVISION


MICHAEL P. SHEA

By 
Angelo A. Vigna
Regional Director, Northeast Region

Date: June 29, 1995

(6.27)

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

In the Matter of)	
)	OTS Order No. NE95-7
MICHAEL P. SHEA,)	
)	Dated: June 29, 1995
formerly a director of a)	
subsidiary of and the)	
holding company of)	
Colonial Savings Bank, SLA,)	
Roselle Park, New Jersey)	
)	

CONSENT CEASE-AND-DESIST ORDER

WHEREAS, during late 1987 through late 1989, MICHAEL P. SHEA served as a director of two companies affiliated with Colonial Savings Bank, SLA ("Colonial Savings"): New Jersey Realty Title Insurance Company (the "Bank Subsidiary"), which had been a wholly owned subsidiary of Colonial Savings; and CODELCO, Inc. (the "Holding Company"), which had been a savings and loan holding company that owned Colonial Savings; and

WHEREAS, Colonial Savings had been a Federally insured state-chartered savings association, with its home office in Roselle Park, New Jersey, that was placed into receivership on November 9, 1989; and

WHEREAS, in accordance with Federal law, including the Home Owners' Loan Act (the "HOLA"), the Office of Thrift Supervision ("OTS") and its regulatory predecessors, regulated, examined and supervised Colonial Savings; and

WHEREAS, the OTS is of the opinion that the grounds exist for it to seek administrative relief against MICHAEL P. SHEA;

WHEREAS, MICHAEL P. SHEA, while neither admitting nor denying the above findings, conclusions and opinions of the OTS, for

purposes of settling with the OTS has consented and agreed to the OTS' issuance of this CONSENT CEASE-AND-DESIST ORDER ("Order"), by executing the accompanying Stipulation and Consent to Issuance of Consent Order ("Stipulation") on June 28, 1995; and

WHEREAS, the undersigned OTS Regional Director has been duly delegated the authority to cause the OTS to issue consent orders.

NOW THEREFORE, IT IS ORDERED pursuant to Section 8(b) of the Federal Deposit Insurance Act (the "FDIA"), 12 U.S.C. § 1818(b),¹ that:

1. Fiduciary Duties. Whenever MICHAEL P. SHEA is a director, officer or other institution-affiliated party of a Banking Institution (as defined below and including but not limited to any insured depository institution), he shall fulfill his fiduciary duties to such institution, including but not limited to his fiduciary duties of loyalty, candor and care.

2. Regulatory Compliance. Whenever an institution-affiliated party (within the meaning of 12 U.S.C. § 1813(u)) of any Banking Institution, MICHAEL P. SHEA shall not engage or participate in any violations of any Federal banking laws or regulations, including, but not limited to, the HOLA, the Federal Reserve Act, the FDIA, the Bank Holding Company Act, and the Regulations for Savings and Loan Holding Companies (currently codified at 12 C.F.R. Part Subchapter F, including Part 584 thereof).

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

3. Limitations. The following limitations are placed on the banking-related activities of MICHAEL P. SHEA, pursuant to 12 U.S.C. § 1818(b)(7):

(a) Except with the express prior written non-objection of the OTS, MICHAEL P. SHEA shall not, directly or indirectly, serve or act as an investment advisor or financial advisor for any Banking Institution, or otherwise participate in any investment decisions by any Banking Institution; and

(b) Except with the express prior written non-objection of the OTS, MICHAEL P. SHEA shall not serve as a director, officer or employee of any Banking Institution that has a contractual relationship with, or is being provided services by, any Affiliated Business (as defined below).

4. Notice to Regulators. No later than fifteen days after becoming a director or officer of a Banking Institution, MICHAEL P. SHEA shall provide, by Certified Mail (Return Receipt Requested), written notice to the OTS and the Federal Deposit Insurance Corporation ("FDIC") concerning his affiliation with the Banking Institution, which affiliation shall not be in violation of the limitations imposed by paragraph 3 hereof. Such notice, which shall refer to this Order, shall set forth the following information: (1) the name and address of the Banking Institution; (2) a description, including title, of Mr. Shea's director and/or officer positions with said institution; (3) the date on which the director and/or officer positions became effective and the term, if any, of such positions; and (4) if the position is that of an officer, then a description of the responsibilities associated

with the position.

5. Responses to Requests. MICHAEL P. SHEA 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. Definitions. For purposes of this Order --

(1) "Banking Institution" refers to any and all of the following: any "insured depository institution" as that term is defined at 12 U.S.C. § 1813(c) (including but not limited to banks and savings associations); any direct or indirect subsidiary of an insured depository institution, whether wholly or partly owned; any "insured credit union" within the meaning of 12 U.S.C. § 1752(7); any "savings and loan holding company" within the meaning of 12 U.S.C. § 1467a(a)(1); any "bank holding company" within the meaning of 12 U.S.C. § 1841; and any direct or indirect subsidiary of any such holding companies, whether wholly or partly owned; and

(2) "Affiliated Business" means any business in which MICHAEL P. SHEA is a controlling owner (whether as a stockholder or otherwise, directly or indirectly) or for which he serves or acts as a director, officer, partner or other similar management official; and

(3) Any terms used herein that are defined in other paragraphs of this Order (including the Stipulation incorporated herein) shall have the meanings ascribed to them in such paragraphs; and

(4) Except as otherwise expressly provided in this

Order, any terms used herein that are defined in the HOLA or the FDIA shall have the meanings ascribed to them in said statutes. See, e.g., 12 U.S.C. § 1813.

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

8. Effectiveness of Order. 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: 

Angelo A. Vigna
Regional Director, Northeast Region

(6.27)