

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

In the Matter of)
Edmond D. Costantini, Jr.)
A Former Officer of)
Hansen Leasing Company)
Feasterville, Pennsylvania)

OTS Order No. NE94-36
Date: September 26, 1994

ORDER OF PROHIBITION AND
ORDER TO CEASE AND DESIST

WHEREAS, the Office of Thrift Supervision ("OTS"), based on examinations of Hansen Savings Bank, SLA, Hammonton, New Jersey, and its service corporation, Hansen Leasing Company, Feasterville, Pennsylvania ("Leasing"), has determined that Edmond D. Costantini, Jr. ("Costantini"), while President of Leasing, engaged in the following unsafe and unsound practices and defalcations while acting in a fiduciary capacity:

(1) Costantini caused Leasing to extend credit to customers in excess of established company limits without obtaining proper authorization, and, as a result, Leasing suffered substantial losses.

(2) Costantini followed unsafe and unsound credit documentation policies in transactions with certain customers of Leasing by (1) failing to obtain perfected lien positions or other satisfactory collateral for equipment, (2) financing a customer's luxury car without executing a lease, and (3) not requiring certain customers to obtain insurance on their leased equipment despite the requirements of the lease documents. As a result of these practices, Leasing experienced substantial losses on the accounts.

(3) Costantini caused Leasing to extend credit to customers that involved unusual financial risk to Leasing. Several customers were insolvent or had reported substantial losses or both when Costantini authorized the extension of substantial credit to each by Leasing. Leasing experienced substantial losses on these accounts.

(4) For leases to himself, his brother and select customers, Costantini recorded an inflated value, substantially in excess of accepted market value, for the equipment at the termination of the leases. As a result of these favorable terms to customers, Leasing suffered financial losses.

WHEREAS, the OTS is of the opinion that, as a result of the aforementioned actions, the grounds exist for the OTS to seek the issuance of certain agency orders against Costantini, pursuant to Sections 8(b) and 8(e) of the Federal Deposit Insurance Act ("FDIA"), 12 U.S.C. §§ 1818(b) and (e) (Supp IV 1992);

WHEREAS, Costantini has, without either admitting or denying the aforestated actions or conduct or that the OTS has sufficient grounds to proceed against him, agreed and consented to the issuance of this Order of Prohibition and Order to Cease and Desist ("Order") by executing the accompanying Consent to Order of Prohibition and Order to Cease and Desist, which is incorporated herein by reference and is accepted and approved by the OTS, acting by and through its Northeast Regional Director; and

WHEREAS, the Director of the OTS has delegated to the Regional Directors of the OTS the authority to issue orders of prohibition and orders to cease and desist where the respondent has consented to the issuance of the orders;

NOW, THEREFORE, IT IS ORDERED that:

ORDER OF PROHIBITION

1. ~~Costantini shall not hold any office in or participate in any manner in the conduct of the affairs of any insured~~

depository institution or other entity described in Section 8(e)(7)(A) of the FDIA, 12 U.S.C. § 1818(e)(7)(A) (Supp. IV 1992), or any affiliate described in Section 8(b)(9) of the FDIA, 12 U.S.C. § 1818(b)(9) (Supp. IV 1992), without the prior written approval of the OTS or its successor and, if appropriate, another Federal financial institutions regulatory agency. Pursuant to Section 8(e)(6) of the FDIA, 12 U.S.C. § 1818(e)(6) (Supp. IV 1992), conduct prohibited by this Order includes, inter alia, the solicitation, transfer, or exercise of any voting right with respect to any security issued by any insured depository institution or voting for a director of such depository institution or acting as an institution-affiliated party.

ORDER TO CEASE AND DESIST

2. Based upon his sworn statement of financial condition and other relevant factors, Costantini shall pay reimbursement in the total amount of \$10,000. Costantini shall remit \$2,500 in the form of a cashier's check payable to the order of the Office of Thrift Supervision by no later than April 29, 1994. Costantini shall remit \$7,500 in the form of a cashier's check payable to the order of the Office of Thrift Supervision by no later than September 2, 1994. The checks shall be delivered to Kenneth A. Cureton, OTS-Enforcement, 1700 G Street, N.W., Washington, D.C. 20552.

3. This Order is subject to the provisions of Sections 8(i) and 8(j) of the FDIA, 12 U.S.C. §§ 1818(i) and (j) (Supp. IV 1992), and shall become effective on the date it is issued.

OFFICE OF THRIFT SUPERVISION

By:



ANGELO A. VIGNA
Regional Director
Northeast Regional Office

Date:

9/27/94

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In the Matter of)
Edmond D. Costantini, Jr.)
A Former Officer of)
Hansen Leasing Company)
Feasterville, Pennsylvania)

OTS Order No. NE94-36
Date: September 26, 1994

CONSENT TO ORDER OF PROHIBITION AND
ORDER TO CEASE AND DESIST

Edmond D. Costantini, Jr. ("Costantini"), a former President of Hansen Leasing Company, Feasterville, Pennsylvania ("Leasing"), a service corporation of Hansen Savings Bank, SLA, Hammonton, New Jersey, hereby submits this Consent to Order of Prohibition and Order to Cease and Desist ("Consent") to the Office of Thrift Supervision of the United States Department of the Treasury ("OTS") in consideration of the OTS's not proceeding with an administrative hearing against Costantini on the basis of his actions or failure to act in his capacity as President of Leasing. The OTS is of the opinion that grounds, as set forth in the accompanying Order of Prohibition and Order to Cease and Desist ("Order"), exist to pursue an administrative proceeding against Costantini pursuant to Sections 8(b) and 8(e) of the

Federal Deposit Insurance Act ("FDIA"), 12 U.S.C. §§ 1818(b) and (e) (Supp. IV 1992). Without either admitting or denying that such grounds exist, except those allegations set forth in paragraph 1 below, which are admitted, Costantini consents to the issuance of the accompanying Order pursuant to Sections 8(b) and 8(e) of the FDIA, 12 U.S.C. §§ 1818(b) and (e).

1. Jurisdiction. Costantini admits the jurisdiction of the OTS over him, and over the subject matter of this action, pursuant to Sections 8(b) and 8(e) of the FDIA, 12 U.S.C. §§ 1818(b) and (e). Specifically, Costantini admits that:

(a) Hansen Savings Bank, SLA, was a "savings association" and an "insured depository institution" as defined by 12 U.S.C. §§ 1462 and 1813 (Supp. IV 1992).

(b) Leasing was a service corporation of Hansen Savings Bank, SLA, and pursuant to 12 U.S.C. § 1818(b)(9), the OTS has authority to bring enforcement actions against service corporations of savings associations and against their officers and other parties with a relationship to said service corporations within the definition of "institution-affiliated party," 12 U.S.C. § 1813(u) (Supp. IV 1992);

(c) Costantini was President of Leasing and for this proceeding is an "institution-affiliated party" as that term is defined in Section 3(u) of the FDIA, 12 U.S.C. § 1813(u) (Supp. IV 1992).

(d) Pursuant to Section 3(q) of the FDIA, 12 U.S.C. § 1813(q) (Supp. IV 1992), the Director of the OTS is the "appropriate Federal banking agency" to maintain this enforcement proceeding against Costantini.

2. Consent. Costantini consents to the issuance by the OTS of the Order. Costantini further agrees to comply with the terms of the Order upon issuance and stipulates that the Order complies with all applicable requirements of law.

3. Acknowledgment. Costantini acknowledges and states that he enters into this Consent willingly and without any coercion or promises of any kind from, or reliance on any statements made by, the OTS or any officer, attorney, agent or employee thereof.

4. Finality. Costantini stipulates that the Order is issued by the OTS under the authority of Sections 8(b) and 8(e) of the FDIA, 12 U.S.C. §§ 1818(b) and (e), and that, upon issuance of the Order, it is a final order that is effective and fully enforceable by the OTS, its successor(s) or an appropriate Federal banking agency under the provisions of Section 8(i) of the FDIA, 12 U.S.C. § 1818(i) (Supp. IV 1992).

5. Waivers. Costantini waives any right to the administrative hearing procedures provided by 5 U.S.C. §§ 554-557 (1989), 12 U.S.C. § 1818(b), 12 U.S.C. § 1818(e), 12 U.S.C. § 1818(h) (Supp. IV 1992), or any other applicable provisions of law and further waives his right to seek judicial review of the Order, including any such right provided by Section 8(h) of the FDIA, 12 U.S.C. § 1818(h), or otherwise to appeal or to challenge the validity of the Order.

6. Representations. The OTS's decision to accept this Consent is predicated, in part, upon the accuracy of financial representations made by Costantini in statements submitted by him, dated March 31, 1994, which are made a part of this Consent agreement. Costantini understands that should the OTS discover or learn from any source that the financial representations made by him in the statements were materially incomplete or incorrect, including but not limited to the failure to identify and/or properly value any material asset or liability, the OTS reserves the right to take at its election any action authorized by law, including but not limited to imposing civil money penalties under 12 U.S.C. § 1818(i) (Supp. IV 1992) or initiating an administrative enforcement proceeding against him for monetary or other affirmative relief available under 12 U.S.C. § 1818(b) for the conduct or transactions described in the Order.

7. Cooperation. Costantini agrees to cooperate with the OTS, to the extent consistent with his rights under the Fifth Amendment of the Constitution of the United States, by providing truthful and complete information to the OTS, upon its request, concerning matters relating to Leasing or Hansen Savings Bank, SLA, or any institution-affiliated party thereof.

8. Bankruptcy. In any bankruptcy proceeding in which Costantini's obligation to make payment of reimbursement pursuant to this Consent and the Order is subject to discharge, Costantini will in no manner contest the OTS's assertions that the obligation for reimbursement in the Order arises out of acts, described in the accompanying Order, that result in claims not dischargeable in bankruptcy under 11 U.S.C. §§ 523 (a)(4) and (11) or otherwise.

9. Scope. Costantini acknowledges that this Consent, the Order, his compliance with the Order and the forbearance of the OTS to maintain administrative proceedings against him resolve all potential charges that the OTS, in its opinion, could bring against Costantini based upon, or arising from, his actions or failure to act in his capacity as President of Leasing, except for his failure to comply with the Consent and Order, and do not resolve, preclude or affect any other civil or criminal claim or proceeding that may be or has been brought against Costantini or any other person by any other governmental entity.

WHEREFORE, intending to legally bound hereby, Edmond D. Costantini, Jr., executes this Consent to Order of Prohibition and Order to Cease and Desist.

Edmond D. Costantini, Jr.
Edmond D. Costantini, Jr.

NOTARIZATION

COMMONWEALTH OF PENNSYLVANIA)
COUNTY OF) ss.

Edmond D. Costantini, Jr., being known to me, did subscribe to the foregoing in my presence, this 12th day of May, 1994.

Wendy L. Sweeney (SEAL)
Notary Public

My commission expires: _____

Notarial Seal
Wendy L. Sweeney, Notary Public
Philadelphia, Philadelphia County
My Commission Expires Feb. 10, 1997
Member, Pennsylvania Association of Notaries