

UNITED STATES OF AMERICA
Before The
OFFICE OF THRIFT SUPERVISION

In the Matter of)
)
JOHN TAGLIANETTI,)
)
a former officer and director of)
Keystone Savings and Loan Association,)
Philadelphia, Pennsylvania)
_____)

Re: Order No. NE98-5

Dated: March 18, 1998

**STIPULATION AND CONSENT TO THE ISSUANCE OF AN ORDER OF PROHIBITION
AND ORDER TO CEASE AND DESIST DIRECTING AFFIRMATIVE RELIEF**

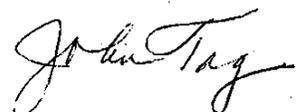
WHEREAS, the Office of Thrift Supervision ("OTS"), based upon information derived from the exercise of its regulatory responsibilities, has informed JOHN TAGLIANETTI, who served as the President and Chairman of the Board of Keystone Savings and Loan Association, Philadelphia, Pennsylvania ("Keystone Savings"), that grounds exist to initiate administrative proceedings seeking the issuance of orders against him pursuant to provisions of 12 U.S.C. § 1818;¹ and

WHEREAS, JOHN TAGLIANETTI desires to cooperate with the OTS and to avoid the time and expense of such administrative proceedings by stipulating to the OTS's issuance of the accompanying Order of Prohibition and Order to Cease and Desist Directing Affirmative Relief (the "Order"); and

WHEREAS, for purposes of settlement JOHN TAGLIANETTI admits to the OTS's jurisdiction to issue the Order, as provided by paragraph number 1 below, without otherwise admitting or denying that the aforesaid statutory grounds exist or the OTS's Findings, opinions and/or conclusions.

NOW THEREFORE, JOHN TAGLIANETTI hereby stipulates and agrees to the following:

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



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

(b) JOHN TAGLIANETTI, at all relevant times, including January 1993 through August 1996, was an officer and a director of Keystone Savings, and is an "institution-affiliated party" as that term is defined in 12 U.S.C. § 1813(u), having served in such capacities within six (6) years of the date of his execution of this Stipulation and Consent to the Issuance of an Order of Prohibition and Order to Cease and Desist Directing Affirmative Relief ("Stipulation"). *See* 12 U.S.C. § 1818(i)(3).

(c) Pursuant to 12 U.S.C. § 1813(q), the Director of the OTS is the "appropriate Federal banking agency" to maintain an administrative proceedings against such a savings association and/or its institution-affiliated parties. Therefore, JOHN TAGLIANETTI is subject to the jurisdiction of the OTS to initiate and maintain administrative proceedings against him pursuant to 12 U.S.C. §§ 1818(e) and 1818(b). The Director of the OTS has delegated to the Regional Director of the Northeast Region of the OTS or his designee ("Regional Director") the authority to issue orders where the individual subject thereto has consented to the issuance of the order.

2. OTS Findings.

(a) In November 1995, JOHN TAGLIANETTI caused Keystone Savings to make a second mortgage loan to Mr. and Mrs. Richard C. Grossman (collectively "Grossman") in the amount of \$250,000. Grossman already owed approximately \$250,000 to Keystone Savings in connection with two unsecured credit lines. Mr. Taglianetti caused the second mortgage loan to be made to Grossman without authorization and without previously informing Keystone Savings' Board of Directors. In addition, JOHN TAGLIANETTI failed to disclose to the Board of Directors that he had an existing



business relationship with Richard Grossman from whom he had accepted \$177,600 during 1994 and 1995. Grossman ceased making loan payments to Keystone Savings in December 1995, and in January 1996 was in default on all loans from Keystone Savings. Keystone Savings was unable to recover any of the \$500,000 owed by Grossman, and in late 1996 it wrote off the entire amount.

(b) On or after August 9, 1996, JOHN TAGLIANETTI instructed Keystone Savings staff to make three loans to borrowers to finance their purchases of used cars. Mr. Taglianetti knew or should have known that such loans were prohibited by the terms of a written supervisory directive issued by the OTS to Keystone Savings on August 9, 1996; the directive restricted the types of loans that Keystone Savings could make because of its impaired capital condition. Therefore, JOHN TAGLIANETTI caused Keystone Savings to violate the supervisory directive.

(c) In the spring of 1996, JOHN TAGLIANETTI directed Keystone Savings staff to make a \$199,000 mortgage loan to him and his wife to, *inter alia*, refinance the mortgage loan on their residence. JOHN TAGLIANETTI caused the loan to be made without previously informing Keystone Savings' Board of Directors and in a manner that was not consistent with the policies and procedures of Keystone Savings. Also, Mr. Taglianetti and his wife failed to submit a detailed current financial statement and loan application. In addition, the loan was not made subject to the written conditions required by 12 C.F.R. § 215.5(d)(4). Therefore, JOHN TAGLIANETTI violated the conflict-of-interest regulations of Regulation O at 12 C.F.R. §§ 215.4, 215.5 and 215.6 (1996).

3. Consent. JOHN TAGLIANETTI consents to the issuance by the OTS of the Order. JOHN TAGLIANETTI 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 pursuant to 12 U.S.C. §§ 1818(e) and 1818(b). Upon its issuance by the OTS, the Order shall be a final order, effective and fully enforceable by the OTS under the provisions of 12 U.S.C. § 1818(i).

5. Waivers. JOHN TAGLIANETTI waives the following:

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

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

(iii) 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; 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, the Equal Access to Justice Act, 5 U.S.C. § 504, or 28 U.S.C. § 2412.

6. No Bankruptcy Discharge. In any bankruptcy proceeding in which it is or may be contended that the financial obligations of JOHN TAGLIANETTI imposed by paragraph 3 of the Order are subject to discharge, JOHN TAGLIANETTI will in no manner contest OTS's assertions (pursuant to 11 U.S.C. §§ 523(a)(7), 523(a)(11), or otherwise) that such financial obligations imposed by the Order arise out of acts that result in claims not dischargeable in bankruptcy.

7. Indemnification Limitations. JOHN TAGLIANETTI represents that he has not received, directly or indirectly, any sums from St. Edmond's Federal Savings Bank (successor-in-interest to Keystone Savings) for the purpose of indemnifying or reimbursing him for any expenses incurred by



him in connection with the OTS investigation relating to the issuance of the Order. JOHN TAGLIANETTI shall neither cause nor permit St. Edmond's Federal Savings 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 JOHN TAGLIANETTI relative to the negotiation and issuance of the Order, nor obtain any indemnification (or other reimbursement) from St. Edmond's Federal Savings 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 JOHN TAGLIANETTI in connection with this action, JOHN TAGLIANETTI shall promptly notify the OTS of the receipt of such payments and shall return such payments without delay to St. Edmond's Federal Savings Bank (or any successor institution, holding company, subsidiary or service corporation thereof).

8. Other Governmental Actions Not Affected. JOHN TAGLIANETTI acknowledges and agrees that the consent to the issuance of the Order is for the purpose of resolving this OTS administrative enforcement matter only, which matter pertains solely to the administrative relief the OTS could pursue based on its findings as summarized in paragraph 2 of this Stipulation, and that the settlement hereby does not release, discharge, compromise, settle, dismiss, resolve, or in any way affect any actions, charges against, or liability of JOHN TAGLIANETTI that arise otherwise or that may be or have been brought by any other governmental entity.

9. Representation as to Assets. It is understood that, as part of this settlement, the OTS has relied on JOHN TAGLIANETTI's representations concerning his current financial condition, as set forth in a written statement of financial condition as of December 31, 1997, (on OTS Form 1571, "Statement of Financial Condition"), which has been signed by JOHN TAGLIANETTI. In reliance on JOHN



TAGLIANETTI's representations therein concerning his impaired financial condition, the OTS -- (i) has foregone pursuit of available civil money penalties against Mr. Taglianetti, and (ii) has reduced the amount of affirmative financial relief required by the Order pursuant to 12 U.S.C. § 1818(b)(6). In the event any information included in the aforesaid Statement of Financial Condition (or other representations by Mr. Taglianetti to the OTS about his financial condition and resources) is found to be false or misleading with respect to any material fact (including but not limited to the failure to identify and/or accurately value any material asset), the OTS reserves the right to take any action authorized by law relative thereto, in the exercise of its discretion, including but not limited to assessing civil money penalties under 12 U.S.C. § 1818(i), or voiding this Stipulation and the Order, or taking any other legal action.

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, on this 26th day of February, 1998, JOHN TAGLIANETTI executes this

Stipulation, intending to be legally bound hereby.

Accepted on the date of the order by:
OFFICE OF THRIFT SUPERVISION



JOHN TAGLIANETTI

By: _____
Robert C. Albanese
Regional Director, Northeast Region

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_____)

Order No. NE98-5

Date: March 18, 1998

**ORDER OF PROHIBITION
AND ORDER TO CEASE AND DESIST DIRECTING AFFIRMATIVE RELIEF**

WHEREAS, JOHN TAGLIANETTI has executed a Stipulation and Consent to the Issuance of an Order of Prohibition and Order to Cease and Desist Directing Affirmative Relief (the "Stipulation");
and

WHEREAS, JOHN TAGLIANETTI, by his execution of the Stipulation, has consented and agreed to the issuance of this Order of Prohibition and Order to Cease and Desist Directing Affirmative Relief ("Order") pursuant to 12 U.S.C. §§ 1818(e) and 1818(b);¹

WHEREAS, the Director of the Office of Thrift Supervision ("OTS") has delegated to the Regional Directors of the OTS the authority to issue orders, pursuant to provisions of 12 U.S.C. § 1818, where the institution-affiliated party who is the subject of the order has consented to its issuance.

NOW THEREFORE, IT IS ORDERED, that:

1. Prohibition Under 12 U.S.C. § 1818(e). JOHN TAGLIANETTI is prohibited from further participation, in any manner, in the conduct of the affairs of Keystone Savings and Loan Association, Philadelphia, Pennsylvania (OTS Docket No. 1810, "Keystone Savings"), and any successor thereto.

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

2. Limitations Due to Prohibition. JOHN TAGLIANETTI, 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 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. Affirmative Relief Pursuant to 12 U.S.C. § 1818(b)(6). JOHN TAGLIANETTI, for the purpose of making restitution and providing reimbursement pursuant to 12 U.S.C. § 1818(b)(6), shall pay Two Thousand Dollars (\$2,000.00) to St. Edmond's Federal Savings Bank, the successor-in-interest to Keystone Savings. JOHN TAGLIANETTI shall make payment of said amount in four equal installments of \$500.00 each. JOHN TAGLIANETTI shall pay the installments on the following dates: (i) on or before June 15, 1998; (ii) on or before September 15, 1998; and (iii) on or before December 15, 1998; and (iv) on or before March 15, 1999. Failure to make payment of any installment within ten (10) calendar days of the scheduled payment date shall cause the outstanding unpaid balance to become immediately due and payable. JOHN TAGLIANETTI shall make each required payment by certified check, cashier's check or money order made payable to the order of St. Edmond's Federal Savings Bank. JOHN TAGLIANETTI shall deliver each such payment to the President of said savings bank at 1901 E. Passyunk Ave., Philadelphia, Pennsylvania, under cover of a letter indicating that the payment is being made in accordance with this OTS Order, and he shall send a copy of each letter and related check to OTS attorney Steven A. Rosenberg at Office of Thrift Supervision, 10 Exchange Place, 18th Floor, Jersey City, New Jersey 07302.

4. Applicability of 12 U.S.C. § 1818(i). Due to the issuance of this Order, JOHN TAGLIANETTI 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. Incorporation of Stipulation. The Stipulation is made a part hereof and is incorporated herein by reference.

6. Responses to Requests. JOHN TAGLIANETTI shall promptly respond to any request from the OTS for documents that the OTS reasonably requests to demonstrate compliance with this Order.

7. Effectiveness of Order. 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: 
Robert C. Albanese
Regional Director, Northeast Region