

Press Releases

February 18, 2004

OTS 04-05 - OTS Announces Notice of Charges Against Former President of Closed Dollar Savings Bank

Office of Thrift Supervision

FOR RELEASE at 7:00 P.M. EDT

For further information

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Contact: Chris Smith

OTS 04-05

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OTS Announces Notice of Charges Against Former President of Closed Dollar Savings Bank

WASHINGTON, D.C., February 18, 2004 -- The former president of Dollar Savings Bank, a Newark, New Jersey, savings institution closed by the Office of Thrift Supervision (OTS) on February 14, 2004, has been served with a notice of charges alleging numerous violations of federal banking laws.

OTS announced that it issued a notice of charges against Robert DeMane, the former president and a director of Dollar, another individual, Larry Marro, a former institution affiliated party of Dollar, and the institution. In addition, OTS issued a temporary cease and desist order against Mr. DeMane and the institution to preserve assets pending the conclusion of the administrative proceeding brought by OTS.

While OTS stressed that the circumstances involved in the closure of Dollar are the subject of a continuing investigation, the notice of charges alleges that Messrs. DeMane and Marro were conducting unsafe or unsound mortgage operations outside the institution's geographic lending area and without OTS's knowledge. In addition, OTS charges that Dollar made material misrepresentations by failing to disclose significant information on Dollar's operations to investors in a private placement issued by the institution in December 2003.

The OTS notice also alleges that after Mr. DeMane became aware that OTS was questioning Dollar's operations, Mr. DeMane began withdrawing funds and closing accounts at the institution. The amount withdrawn was more than \$4 million, exceeding Dollar's entire cash holdings--and nearly double its capital--as of December 31, 2003. These withdrawals constituted a breach of fiduciary duty and an unsafe or unsound practice that substantially weakened the financial condition of Dollar.

OTS charges that Mr. Marro conducted unauthorized mortgage and other loan origination operations through at least two entities created by Messrs. DeMane and Marro that were not authorized or approved by Dollar's board of directors. OTS further alleges that Mr. Marro retained various loan fees that rightfully belonged to Dollar.

In the notice of charges, OTS seeks payment of restitution and civil money penalties from Messrs. DeMane and Marro on the grounds that they received substantial benefit from their alleged unlawful conduct at the institution. In the temporary cease and desist order, OTS requires Mr. DeMane to cease any transfer of assets controlled by him and any entity he controls, but does allow payment of Mr. DeMane's reasonable living expenses and attorneys' fees. The order also requires Mr. DeMane to post security in excess of \$4 million, representing the amount of his recent withdrawals from the institution.

OTS closed Dollar this past Saturday on the grounds that the institution was engaging in unsafe and unsound practices, lacked adequate books and records, had allowed excessive deposit withdrawals by Mr. DeMane, and had apparently engaged in an improper and unauthorized change of control.

Copies of the above referenced OTS notice of charges and temporary cease and desist order are attached to this release and may also be viewed at the OTS website at www.ots.treas.gov.

View OTS Enforcement Order No. AP 04-01 - Dollar Savings Bank, Newark, NJ, Docket 06755, Cease and Desist Order and Assessment of Civil Money Penalties - <http://www.occ.gov/static/news-issuances/ots/press-releases/ots-pr-2004-05a.pdf>

View OTS Enforcement Order No. AP 04-02 - Dollar Savings Bank, Newark, NJ, Docket 06755, Temporary Order to Cease and Desist to Robert DeMane - <http://www.occ.gov/static/news-issuances/ots/press-releases/ots-pr-2004-05b.pdf>

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The Office of Thrift Supervision (OTS), a bureau of the U.S. Treasury, regulates and supervises the nation's thrift industry. OTS's mission is to ensure the safety and soundness of thrift institutions and to support their role as home mortgage lenders and providers of other community credit and financial services. For copies of news releases or other documents visit the OTS web page at www.ots.treas.gov.