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FEDERAL RESERVE press release



For immediate release

December 13, 1996

The Federal Reserve Board today announced the issuance of an Order of Prohibition against Karen Sanford, a former employee and institution-affiliated party of the Norstar Bank, Melville, New York, a former state member bank.

Ms. Sanford, without admitting to any allegations, consented to the issuance of the Order in connection with her alleged misappropriation of bank funds during the time that she was employed as a customer service representative at the bank.

A copy of the Order is attached.

Attachment

UNITED STATES OF AMERICA

BEFORE THE BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM

WASHINGTON, D.C.

<u>In the Matter of</u>	:	Docket No. 96-029-E-I
	:	
KAREN SANFORD	:	Order of Prohibition
	:	Issued Upon Consent
A Former Employee and	:	Pursuant to the Federal
Institutional-Affiliated	:	Deposit Insurance Act,
Party of	:	as Amended
	:	
NORSTAR BANK	:	
Melville, New York	:	
	:	
<u>A Former State Member Bank</u>	:	

WHEREAS, pursuant to sections 8(e) and 8(i)(3) of the Federal Deposit Insurance Act, as amended (the "Act") (12 U.S.C. 1818(e) and (i)(3)), the Board of Governors of the Federal Reserve System (the "Board of Governors") issues this Order of Prohibition (the "Order") against Karen Sanford ("Sanford"), a former employee and institution-affiliated party, as defined in section 3(u) of the Act (12 U.S.C. 1813(u)), of the Norstar Bank, Melville, New York (the "Bank"), a former State member bank, due to Sanford's alleged misappropriation of bank funds during the time that she was employed as a customer service representative at the Bank; and

WHEREAS, by affixing her signature hereunder, Sanford has consented to the issuance of this Order by the Board of

Governors and has waived any and all rights she might otherwise have pursuant to 12 U.S.C. 1818 or 12 CFR Part 263, or otherwise: (a) to the issuance of a notice of intent to prohibit; (b) to a hearing for the purpose of taking evidence with respect to any matter implied or set forth in this Order; (c) to obtain judicial review of this Order or any provision hereof; and (d) to challenge or contest in any manner the basis, issuance, validity, terms, effectiveness or enforceability of this Order or any provision hereof.

NOW, THEREFORE, before the taking of any testimony or adjudication of or finding on any issue of fact or law herein; without this Order constituting an admission of any allegation made or implied by the Board of Governors in connection with this proceeding; and solely for the purpose of settlement of this proceeding, without protracted or extended hearings or testimony:

IT IS HEREBY ORDERED, pursuant to sections 8(e), (i)(3) and (j) of the Act (12 U.S.C. 1818(e), (i)(3) and (j)), that:

1. Sanford, without the prior written approval of the Board of Governors and, where necessary pursuant to section 8(e)(7)(B) of the Act (12 U.S.C. 1818(e)(7)(B)), another federal financial institution regulatory agency, is hereby and henceforth prohibited from:

(a) Participating in any manner in the conduct of the affairs of any institution or agency specified in section 8(e)(7)(A) of the Act (12 U.S.C. 1818(e)(7)(A)), including, but not limited to, any insured depository institution, or any bank or savings association holding company or subsidiary thereof;

(b) soliciting, procuring, transferring, attempting to transfer, voting or attempting to vote any proxy, consent, or authorization with respect to any voting rights in any institution described in section 8(e)(7)(A) of the Act;

(c) violating any voting agreement previously approved by any federal banking agency; or

(d) voting for a director, or serving as an institution-affiliated party, such as an officer, director or employee, of any institution described in section 8(e)(7)(A) of the Act.

2. Any violation of this Order shall separately subject Sanford to appropriate criminal or civil penalties or both under section 8 of the Act (12 U.S.C. 1818).

3. This Order, and each and every provision hereof, is and shall remain fully effective and enforceable until expressly

stayed, modified, terminated or suspended in writing by the Board of Governors.

4. All communications regarding this Order shall be addressed to:

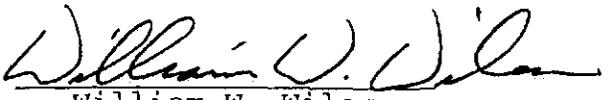
- (a) Mr. Robert A. O'Sullivan
Senior Vice President
Federal Reserve Bank of New York
33 Liberty Street
New York, New York 10045
- (b) Ms. Karen Sanford
4 Corie Court
Port Jefferson, New York 11777

5. The provisions of this Order shall not bar, estop or otherwise prevent the Board of Governors or any federal or state agency or department from taking any other action affecting Sanford.

By order of the Board of Governors effective this 5th day of December, 1996.

BOARD OF GOVERNORS OF THE
FEDERAL RESERVE SYSTEM


Karen Sanford

By: 
William W. Wiles
Secretary of the Board