

UNITED STATES OF AMERICA
 BEFORE THE
 BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM
 WASHINGTON, DC

-----X	X	Docket Nos. 97-002-E-I
In the Matter of	:	97-002-CMP-I
	:	
JOHN E. COLLEY	:	Combined Order of
	:	Prohibition and
A Former Employee and	:	Assessment
Institution-Affiliated	:	of a Civil Money
Party of	:	Penalty, Issued Pursuant
	:	to the Federal Deposit
TRUSTCO BANK NEW YORK	:	Insurance Act, as Amended
Schenectady, New York	:	
	:	
A Former State Member Bank	:	
-----X	X	

WHEREAS, pursuant to Sections 8(e) and 8(i) of the Federal Deposit Insurance Act, as amended (12 U.S.C. §§ 1818(e) and 1818(i)) (the "FDI Act"), the Board of Governors of the Federal Reserve System (the "Board of Governors") issues this combined Order of Prohibition and Assessment of a Civil Money Penalty (the "Order") upon the consent of John E. Colley ("Colley"), a former employee and institution-affiliated party, as defined in Section 3(u) of the FDI Act (12 U.S.C. § 1813(u)) of Trustco Bank New York, Schenectady, New York ("Trustco"), formerly a State-chartered bank and a member of the Federal Reserve System, relating to Colley's alleged breaches of his fiduciary duty to Trustco and its customers in connection with the sale of numismatic coins to certain of Trustco's trust customers, and the custodial arrangements for a coin collection belonging to a Trustco trust customer; and

WHEREAS, by affixing his signature hereunder, Colley has consented to the issuance of this Order by the Board of Governors and consented to comply with each and every provision of this Order, and waived any and all rights he might have pursuant to 12 U.S.C. § 1818 or 12 C.F.R. Part 263, or otherwise (a) to the issuance of a notice of charges and of hearing and of a notice of assessment of a civil money penalty; (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 matter the basis, issuance, validity, effectiveness, collectibility or enforceability of this Order or any provision hereof;

NOW, THEREFORE, prior to the taking of any testimony or adjudication of or finding on any issue of fact or law herein, and 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, and Colley hereby agrees that, pursuant to Section 8(e) of the FDI Act:

1. Colley, without prior written approval of the Board of Governors and, where necessary pursuant to Section 8(e)(7)(B) of the FDI Act (12 U.S.C. § 1818(e)(7)(B)), another Federal financial institution regulatory agency, shall not:

(a) Participate in any manner in the conduct of the affairs of any institution or agency specified in Section 8(e)(7)(A) of the FDI Act (12 U.S.C. § 1818(e)(7)(A)), including, but not limited to, Trustco, its successors or assigns, or any other insured depository institution or holding company thereof;

(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 Section 8(e)(7)(A) of the FDI Act;

(c) violate any voting agreement previously approved by any Federal banking agency; or

(d) vote for a director, or serving or acting as an institution-affiliated party, as defined in Section 3(u) of the FDI Act, such as an officer, director or employee in any institution described in Section 8(e)(7)(A) of the FDI Act.

2. **IT IS HEREBY FURTHER ORDERED**, pursuant to Section 8(i) of the FDI Act, that Colley is assessed and shall pay to the Board of Governors the sum of \$40,000 for alleged breaches of fiduciary duty.

3. The penalty assessed pursuant to this Order shall be remitted in full, at the time of Colley's execution of this Order, payable to the "Board of Governors of the Federal Reserve System" and forwarded with Colley's executed copy of this Order, to William W. Wiles, Secretary of the Board, Board of Governors of the Federal Reserve System, Washington, DC 20551. The Board

of Governors shall remit the payment to the Treasury of the United States as required by statute.

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

(a) Robert A. O'Sullivan
Senior Vice President
Federal Reserve Bank
of New York
33 Liberty Street
New York, NY 10045

and a copy to:

James J. Hilton, Esq.
Legal Department
Federal Reserve Bank
of New York
33 Liberty Street
New York, NY 10045

(b) John E. Colley
c/o William Dreyer, Esq.
Dreyer Boyajian, LLP
75 Columbia Street
Albany, NY 12210

5. Any violations of this Order shall separately subject Colley to appropriate civil or criminal penalties or both under Section 8(i) and (j) of the FDI Act.

6. 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 Colley, provided, however, that the Board of Governors shall not take any further action against Colley based upon information presently known by the Board of Governors relating to the matters addressed by this Order.

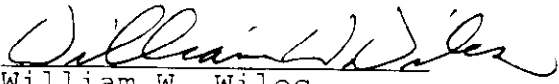
7. Each provision of this Order shall remain effective and enforceable until stayed, modified, terminated or suspended in writing by the Board of Governors.

By order of the Board of Governors of the Federal Reserve System, effective this 3rd day of February, 1998.

BOARD OF GOVERNORS OF THE
FEDERAL RESERVE SYSTEM



John E. Colley

By: 

William W. Wiles
Secretary of the Board