



# PRESS RELEASE

Federal Deposit Insurance Corporation

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## Three Convicted of Crimes Against the FDIC to Pay Over \$1 Million to Settle Restitution Dispute

FOR IMMEDIATE RELEASE

FDIC Inspector General Gaston L. Gianni, Jr., announced today that three felons convicted of crimes against the FDIC have agreed to pay over \$1 million to end civil proceedings brought against them by United States Attorney Donald K. Stern over their failure to pay restitution to the FDIC ordered by the federal court.

In January 1993, the U.S. District Court in Boston sentenced David Rostoff of Swampscott, MA, and Boca Raton, FL; his brother, Steven Rostoff of Swampscott, MA; and James Harris of Peabody, MA, and Kennebunk, ME, to prison terms ranging from nine to 15 months, followed by two years of supervised release, and ordered them to pay restitution to the FDIC following their convictions for bank fraud, conspiracy and false statements in connection with the failed Malden Bank for Savings, Malden, MA. The Rostoffs were each ordered to pay \$650,000 in restitution, while Harris was ordered to pay \$200,000.

During their two years of supervised release, the Rostoffs and Harris claimed they were indigent and paid less than two percent of the restitution owed. The matter was investigated by the FDIC Office of Inspector General in conjunction with the U.S. Attorney's Office in Boston.

A May 1997 trial in the U.S. District Court of Boston determined that the Rostoffs and Harris had conspired to conceal their assets during their two years of supervised release and in fact had increased the assets' value.



Congress created the Federal Deposit Insurance Corporation in 1933 to restore public confidence in the nation's banking system. It promotes the safety and soundness of these institutions by identifying, monitoring and addressing risks to which they are exposed. The FDIC receives no federal tax dollars — insured financial institutions fund its operations.

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The U.S. Attorney's Office then commenced a civil proceeding to seize assets belonging to the Rostoffs and Harris, including several apartment complexes, an interest in a golf course and numerous corporations controlled by them. Following this action, the Rostoffs and Harris agreed to the settlement of more than \$1 million to end the civil proceedings.

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