



PRESS RELEASE

Federal Deposit Insurance Corporation

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FORMER MASSACHUSETTS BANK PRESIDENT, DIRECTOR INDICTED ON FRAUD AND BRIBERY CHARGES

FOR IMMEDIATE RELEASE

Federal Deposit Insurance Corporation (FDIC) Inspector General Gaston L. Gianni, Jr., announced today that Lawrence J. King, former president and a director of Saugus Bank and Trust Company, Saugus, MA, and Warren E. Manter, a former director of the institution, were indicted September 29 on charges of bank fraud, misapplication of bank funds and bribery.

This investigation was conducted by the FDIC's Office of Inspector General and the Federal Bureau of Investigation and is being prosecuted by the New England Bank Fraud Task Force.

The indictment alleges that from 1989 to 1991, King and Manter engaged in a scheme to coerce developers for two subdivisions, located in Haverhill and North Reading, MA, into hiring a road construction company owned by Manter as a condition of receiving Saugus Bank and Trust loans of \$1.35 million and \$585,000. As part of the scheme, Manter improperly obtained copies of other contractors' road construction bids and used them to calculate his own bid. Manter was awarded the job for the two projects, and the developers received funding from Saugus Bank and Trust.

According to the indictment, Manter and King also concealed from the Saugus Bank and Trust Board of Directors that Manter would be receiving about \$900,000 in proceeds from the two loans, and that both King and Manter, as bank directors, voted to approve the loans.



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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A separate count charges Manter with soliciting a bribe. The indictment alleges that in March 1992, Manter offered to use his influence as a director to prevent Saugus Bank and Trust from foreclosing on the developers' \$1.35 million loan if they agreed to "sell" Manter their interest in an adjoining five-lot parcel of land for \$1.

Saugus Bank and Trust was purchased by Eastern Bank in November 1994. King is currently a member of Eastern Bank's Board of Directors.

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