



PRESS RELEASE

Federal Deposit Insurance Corporation

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Media Contact:
David Barr (202) 898-6992

FDIC ISSUES NOTICE OF CHARGES AGAINST CERTAIN FORMER OFFICERS AND DIRECTORS OF THE FAILED CONNECTICUT BANK OF COMMERCE, STAMFORD, CONNECTICUT

The Federal Deposit Insurance Corporation (FDIC) has issued a Notice of Charges seeking to impose civil money penalties (CMPs) totaling \$5.25 million against a group of former officers and directors of Connecticut Bank of Commerce, Stamford, Connecticut (CBC). CBC was closed by the Connecticut Banking Commissioner on June 26, 2002, and the FDIC was appointed as receiver.

CMPs are sought against former Chairman of the Board Randolph W. Lenz, former President and CEO J. Donald Weand, Jr., and former directors Marshall C. Asche, Marcial Cuevas, Jack W. Dunlap, Steven B. Levine, Brian A. Marks, and Timothy S. Reed.

The Notice, among other things, alleges that Lenz and Weand orchestrated certain nominee loan schemes, the proceeds of which were used to make a capital injection; refinance nonperforming loans in a nominee borrower's name; keep nominee loans current or pay them off; and improperly provide funds to Lenz and related entities. The Respondent directors approved most of the nominee loans and failed to fulfill their fiduciary responsibilities to CBC. The nominee loan scheme had the effect of misleading bank regulators and CBC depositors as to the true financial condition of CBC, ultimately leading to CBC's insolvency and closure.

In addition to CMPs, the FDIC administrative proceeding also seeks Orders prohibiting Lenz and Weand from further participation in the banking industry, and requiring restitution by Lenz and Weand in the amount of \$34 million.

The Connecticut Banking Department also announced that it is pursuing CMPs against the same respondents. Prior to the bank's closing, the FDIC and the state banking department identified a number of questionable loans and began an investigation of potential violations of law, unsafe and unsound practices, and breaches of fiduciary duty.

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Attachment



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.

FDIC press releases and other information are available on the Internet at www.fdic.gov, by subscription electronically (go to www.fdic.gov/about/subscriptions/index.html) and may also be obtained through the FDIC's Public Information Center (877-275-3342 or 703-562-2200). PR-125-2002