

FEDERAL RESERVE press release



For immediate release

March 7, 1997

The Federal Reserve Board today announced the issuance of a combined Order to Cease and Desist, Order of Restitution and Order of Assessment of a Civil Money Penalty against John Gillogly, a former officer and institution-affiliated party of The Bank of Corning, Corning, Ohio.

Mr. Gillogly, without admitting to any allegations, consented to the issuance of the Order due to his alleged participation in unsafe and unsound practices, breaches of fiduciary duty, and violations of the Board of Governors's Regulation O relating to the management and disposition of a parcel of property previously owned by the bank.

Mr. Gillogly paid a fine of \$2,000 in addition to his restitution to the bank in the amount of \$4,965.

A copy of the Order is attached.

Attachment

former officer and institution-affiliated party, as defined in section 3(u) of the FDI Act (12 U.S.C. 1813(u)), of The Bank of Corning, Corning, Ohio (the "Bank"), a state member bank, in connection with Gillogly's participation in alleged unsafe and unsound practices, breaches of fiduciary duty, and violations of the Board of Governors's Regulation O relating to the management and disposition of a parcel of property previously owned by the Bank; and

WHEREAS, by affixing his signature hereunder, Gillogly has consented to the issuance of this Order by the Board of Governors and has: (1) consented to comply with each and every provision of this Order; and (2) waived any and all rights he might have pursuant to 12 U.S.C. 1818, 12 U.S.C. 504, 12 C.F.R. Part 263, 12 C.F.R. Part 215, ORC section 1125.08, or otherwise, (a) to the issuance of a notice of charges and 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 manner 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 or the Superintendent 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(b)(1), 8(b)(6) and 8(i)(2) of the FDI Act, section 29 of the FR Act and ORC section 1125.08, that:

1. Gillogly shall cease and desist from any acts, omissions, or practices involving unsafe and unsound practices, breaches of fiduciary duty or violations of law in connection with the conduct of the business of any insured depository institution.

2. In the event that Gillogly becomes an institution-affiliated party of any institution described in paragraph 1 hereof, Gillogly shall:

(a) Take such actions as are necessary, consistent with his responsibilities, to obtain advice of competent counsel on his duties and responsibilities, both initially upon accepting such a position and on a continuing basis when

particular issues arise that may cause Gillogly to be uncertain about his responsibilities;

(b) with respect to any proposal in which he has or reasonably expects to have a personal interest or experience a direct or indirect benefit, abstain from voting as a director or participating in any manner in the presentation or discussion of any such proposals to or with the board of directors;

(c) in connection with any proposal subject to paragraph 2(b) hereof, make full and complete disclosure to the board of directors of the existence of his interest and its nature and extent, and of the facts known to him relating to the proposal under consideration;

(d) at least annually, and promptly in the event of a change in circumstances, make full disclosure of any and all loans, investments, partnership interests, stock ownership, or any other business relationships with the institution described in paragraph 1 hereof, its subsidiaries or affiliates, or its customers, which constitute

actual or potential conflicts of interest between Gillogly and the institution; and

(e) refrain from violating the standards established by any applicable federal or state statute, regulation, policy statement, guideline, or similar pronouncement by any appropriate federal or state banking regulator, governing conflicts of interest, the fiduciary duties of directors and officers, and the safe or sound operation of depository institutions and take such actions as are necessary and consistent with his responsibilities to ensure that all operations within his area of responsibility are conducted in a safe and sound manner and subject to appropriate supervision by the board of directors of the institution or a committee thereof.

3. Gillogly shall pay, in the manner set forth in paragraph 5 hereof, restitution to the Bank in the sum of \$4,965.00, representing rental payments received and accepted by Gillogly on real estate owned by the Bank for the period of February 1, 1993 through May 21, 1993.

4. Gillogly is assessed and shall forfeit and pay in the manner set forth in paragraph 5 hereof, a civil money penalty in the sum of \$2,000.00.

5. The restitution and civil money penalty assessed by this Order pursuant to paragraphs 3 and 4 hereof shall be remitted in full, at the time of Gillogly's execution of this Order, payable to the "Board of Governors of the Federal Reserve System" and forwarded, with Gillogly's executed copy of this Order, to William W. Wiles, Secretary of the Board, Board of Governors of the Federal Reserve System, Washington, D.C. 20551, who shall, as applicable, make remittance to the Bank and the Treasury of the United States.

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

- (a) Mr. Stephen H. Jenkins
Regional Director
Federal Reserve Bank of Cleveland
1455 East Sixth Street
Cleveland, Ohio 44114
- (b) Mr. W. Curtis Stitt
Superintendent
Ohio Division of Financial Institutions
77 South High Street, 21st Floor
Columbus, Ohio 43266-0121
- (c) Mr. John Gillogly
11995 Zion Branch
Thornville, Ohio 43076

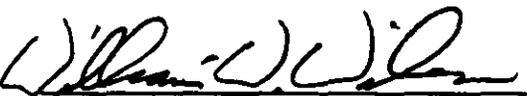
7. Each provision of this Order shall remain effective and enforceable until stayed, modified, terminated or suspended by the Board of Governors and the Superintendent.

8. The provisions of this Order shall not bar, estop or otherwise prevent the Board of Governors, the Superintendent, the Reserve Bank or any federal, state or local agency or department from taking any action affecting Gillogly; however, the Board of Governors, the Superintendent and the Reserve Bank shall not take any further action with respect to the matters that are the subject of this Order.

By order of the Board of Governors of the Federal Reserve System and the Superintendent of the Ohio Division of Financial Institutions, effective this 7th day of March 1997.

BOARD OF GOVERNORS OF THE
FEDERAL RESERVE SYSTEM


John Gillogly

By: 
William W. Wiles
Secretary of the Board

OHIO DIVISION OF FINANCIAL
INSTITUTIONS

By: 
W. Curtis Stitt
Superintendent of
Financial Institutions