

# 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 and Order of Assessment of a Civil Money Penalty against Oliver Lu, a former employee of BT Co., Tokyo, Japan, a subsidiary of Bankers Trust New York Corporation, New York.

Mr. Lu, without admitting to any allegations, consented to the issuance of the Order in connection with his alleged involvement in the structuring of leveraged derivative transactions marketed and sold to customers of Bankers Trust New York Corporation and its subsidiaries.

Mr. Lu paid a civil money penalty of \$50,000.

A copy of the Board's Order is attached.

Attachment

UNITED STATES OF AMERICA

BEFORE THE

BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM

WASHINGTON, D.C.

-----X		Docket Nos. 96-006-B-I4
In the Matter of	:	96-006-CMP-I4
	:	
OLIVER LU	:	Order to Cease and Desist
	:	and Order of Assessment
A Former Employee and	:	of a Civil Money Penalty
Institution-Affiliated	:	Issued Upon Consent
Party of	:	Pursuant to the Federal
	:	Deposit Insurance Act,
BANKERS TRUST NEW YORK CORPORATION	:	as Amended
New York, New York	:	
	:	
BT CO. TOKYO	:	
Tokyo, Japan	:	
-----X		

WHEREAS, pursuant to Sections 8(b)(1) and 8(i) of the Federal Deposit Insurance Act, as amended, 12 U.S.C. §§ 1818(b)(1) and 1818(i) (the "FDI Act"), the Board of Governors of the Federal Reserve System (the "Board of Governors") issues this combined Order to Cease and Desist and Order of Assessment of a Civil Money Penalty (the "Order") against Oliver Lu ("Lu"), a former employee of BT Co. Tokyo and an institution-affiliated party, as defined in Sections 3(u) and 8(b)(3) of the FDI Act, (12 U.S.C. §§ 1813(u) and 1818(b)(3)), of Bankers Trust New York

Corporation, New York, New York ("BTNYC"), a registered bank holding company, in connection with Lu's involvement in the structuring of leveraged derivative transactions to be marketed and sold to customers of BTNYC and its subsidiaries; and

**WHEREAS**, by affixing his signature hereunder, Lu 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**, pursuant to Sections 8(b) and 8(i) of the FDI Act, that:

1. For a period of two years from this Order, Lu shall not serve as an institution-affiliated party 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 a bank, bank holding company, or nonbank subsidiary, where his duties include, directly or indirectly:

(a) Participating in the structuring of derivative transactions for marketing or sale to customers, with the exception of exchange traded options and plain vanilla currency or interest rate swaps with maturities not to exceed ten years;

(b) advising any customer regarding the purchase, sale or structuring of a derivative transaction; or

(c) preparing marketing materials regarding derivative transactions.

2. For a period of two years from this Order, Lu shall not serve in any other capacity as an institution-affiliated party of any institution or agency specified in Section 8(e)(7)(A) of the FDI Act without the prior written

approval of the Federal Reserve Bank of New York (the "Reserve Bank").

3. Upon becoming an institution-affiliated party involved in structuring derivative transactions for the marketing or sale to, or on behalf of customers, depositors, or borrowers of any institution or agency specified in Section 8(e)(7)(A) of the FDI Act, Lu shall take such actions as are necessary to ensure that he and the institution or agency markets and sells such transactions in a manner that is consistent with safe and sound banking or business practices, federal and state laws, and the rules and regulations of the Board of Governors.

4. Lu shall pay to the Board of Governors a civil money penalty in the sum of \$50,000. No portion of Lu's civil money penalty shall be, directly or indirectly, paid, advanced, reimbursed or otherwise funded by BTNYC, or any affiliate or subsidiary thereof.

5. The penalty assessed by this Order shall be remitted in full, at the time of Lu's execution of this Order, payable to the "Board of Governors of the Federal Reserve System" and forwarded with Lu'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, who shall make

remittance of the same to the Treasury of the United States as required by statute.

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

(a) Ms. Christine M. Cumming  
Senior Vice President  
Federal Reserve Bank  
of New York  
33 Liberty Street  
New York, NY 10045

and a copy to:

Karen E. Gifford, Esq.  
Legal Department  
Federal Reserve Bank  
of New York  
33 Liberty Street  
New York, NY 10045

(b) Oliver Lu  
c/o Linda Imes, Esq.  
Richards Spears Kibbe & Orbe  
One Chase Manhattan Plaza  
New York, NY 10005

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

8. The provisions of this Order shall not bar, estop or otherwise prevent the Board of Governors, the Reserve Bank or any federal or state agency or department from taking any other action affecting Lu. Lu agrees and acknowledges that this Order

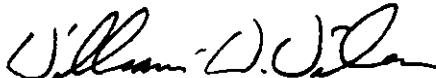
does not bar or estop any criminal charges or prosecutions against him, and Lu hereby waives any right he might otherwise have based upon this Order to assert a defense of double jeopardy in any criminal proceeding.

By order of the Board of Governors of the Federal Reserve System, effective this 6<sup>th</sup> day of March, 1997.

BOARD OF GOVERNORS OF THE  
FEDERAL RESERVE SYSTEM



\_\_\_\_\_  
Oliver Lu

By:   
\_\_\_\_\_  
William W. Wiles  
Secretary of the Board