

FEDERAL RESERVE press release



For immediate release

March 28, 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 Mark E. Schindler, a former officer of BT Securities Corporation, New York, a subsidiary of Bankers Trust New York Corporation, New York.

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

Mr. Schindler paid a civil money penalty of \$25,000.

A copy of the Order is attached.

Attachment

a nonbank subsidiary of BTNYC, in connection with Schindler's involvement in the marketing of leveraged derivative transactions to customers of BTNYC and its subsidiaries;

WHEREAS, by affixing his signature hereunder, Schindler 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; and

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 three (3) years from this Order, Schindler shall, while serving 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, cease and desist from:

- (a) drafting, modifying or amending a confirmation, or any other document to be provided to a customer evincing or verifying the terms of any financial transaction, without independent verification of the accuracy of the terms of the financial transaction;
- (b) providing to a customer or counter-party, either verbally or in writing, a historic, current or future valuation or market value for any financial transaction unless such valuation is verified in writing by the institution's back office; or
- (c) amending or restructuring a financial transaction unless Schindler provides notice

to a supervisor of the terms of the amendment or restructuring.

2. For a period of three (3) years from this Order, Schindler shall notify the Federal Reserve Bank of New York (the "Reserve Bank") upon becoming an institution-affiliated party of any institution or agency specified in Section 8(e)(7)(A) of the FDI Act.

3. While serving 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)), Schindler shall take such actions as are necessary to ensure that he and the institution or agency specified in Section 8(e)(7)(A) of the FDI Act markets derivatives 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. Schindler shall pay to the Board of Governors a civil money penalty in the sum of \$25,000. No portion of Schindler'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 Schindler's execution of this

Order, payable to the "Board of Governors of the Federal Reserve System" and forwarded with Schindler'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:

Martin Grant, Esq.
Legal Department
Federal Reserve Bank
of New York
33 Liberty Street
New York, NY 10045

(b) Mr. Mark E. Schindler
c/o Frederick Schaffer, Esq.
Schulte, Roth & Zabel LLP
900 Third Avenue
New York, NY 10022

7. 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 Schindler; provided, however, that the Board of

Governors shall not take further action against Schindler, based upon information known to the Board of Governors as of the date of this Order, in regards to the marketing of financial transactions. Schindler agrees and acknowledges that this Order does not bar or estop any criminal charges or prosecutions against him, and Schindler hereby waives any right he might otherwise have based upon this Order to assert a defense of double jeopardy in any criminal proceeding.

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

By order of the Board of Governors of the Federal Reserve System, effective this 28th day of March, 1997

BOARD OF GOVERNORS OF THE
FEDERAL RESERVE SYSTEM

Mark E. Schindler
Mark E. Schindler

By: Jennifer J. Johnson
~~William W. Wiles~~ Jennifer J. Johnson
Deputy Secretary of the Board