

UNITED STATES OF AMERICA

BEFORE THE BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM

WASHINGTON, D.C.

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In the Matter of : Docket Nos. 99-017-E-I1
 : 99-017-E-I2
BRUCE JEFFREY KINGDON : 99-017-E-I3
 :
KENNETH GOGLIA : Notice of Intent to Prohibit
 : Issued Pursuant to Section 8(e)
and HARVEY PLANTE : of the Federal Deposit
 : Insurance Act, as Amended
Former Institution-Affiliated :
Parties of :
 :
BANKERS TRUST COMPANY, :
New York, New York :
 :
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The Board of Governors of the Federal Reserve System (the "Board of Governors") is of the opinion, and has reasonable cause to believe, that:

(A) Bruce Jeffrey Kingdon ("Kingdon"), also known as B.J. Kingdon, a former managing director, partner, and member of the operating committee of Bankers Trust Company, New York, NY ("Bankers Trust"), a state member bank, and a former senior officer in charge of the Bankers Trust's Client Processing Services Business ("CPS"), also known as the Global Institutional Services Business ("GIS"), has engaged in violations of law, unsafe and unsound banking practices, and acts that constitute breaches of his fiduciary duties to Bankers Trust.

(B) By reason of the violations of law, unsafe and unsound banking practices, and breaches of fiduciary duties referred to in Paragraph A above, Kingdon received financial gain or other benefit, Bankers Trust suffered, and is likely to continue to suffer, financial loss and other

damage, including damage to its reputation and ability to offer an unrestricted variety of customer services, and the interests of Bankers Trust's depositors have been or could be jeopardized.

(C) The violations of law, unsafe and unsound banking practices, and breaches of fiduciary duties referred to in Paragraph A above involved personal dishonesty and demonstrated willful and continuing disregard for the safety and soundness of Bankers Trust on the part of Kingdon.

(D) Kenneth Goglia ("Goglia"), a former managing director of Bankers Trust, and controller for CPS, has engaged in violations of law, unsafe and unsound banking practices, and acts that constitute breaches of his fiduciary duties to Bankers Trust.

(E) By reason of the violations of law, unsafe and unsound banking practices, and breaches of fiduciary duties referred to in Paragraph D above, Goglia received financial gain or other benefit, Bankers Trust suffered, and is likely to continue to suffer, financial loss and other damage, including damage to its reputation and ability to offer an unrestricted variety of customer services, and the interests of Bankers Trust's depositors have been or could be jeopardized.

(F) The violations of law, unsafe and unsound banking practices, and breaches of fiduciary duties referred to in Paragraph D above involved personal dishonesty and demonstrated willful and continuing disregard for the safety and soundness of Bankers Trust on the part of Goglia.

(G) Harvey Plante ("Plante"), a former vice president of Bankers Trust has engaged in violations of law, unsafe and unsound banking practices, and acts that constitute

breaches of his fiduciary duties to Bankers Trust.

(H) By reason of the violations of law, unsafe and unsound banking practices, and breaches of fiduciary duties referred to in Paragraph G above, Plante received financial gain or other benefit, Bankers Trust suffered, and is likely to continue to suffer, financial loss and other damage, including damage to its reputation and ability to offer an unrestricted variety of customer services, and the interests of Bankers Trust's depositors have been or could be jeopardized.

(I) The violations of law, unsafe and unsound banking practices, and breaches of fiduciary duties referred to in Paragraph G above involved personal dishonesty and demonstrated willful and continuing disregard for the safety and soundness of Bankers Trust on the part of Plante.

Accordingly, the Board of Governors hereby institutes this proceeding by issuing this Notice of Intent to Prohibit (the "Notice") for the purpose of determining whether appropriate orders should be issued permanently barring Kingdon, Goglia and Plante from participating in any manner in the conduct of the affairs of any institution or agency specified in Section 8(e)(7)(A) of the Federal Deposit Insurance Act, as amended (the "FDI Act") (12 U.S.C. § 1818(e)(7)(A)), pursuant to Section 8 (e) of the FDI Act (12 U.S.C. § 1818(e)).

In support of this Notice, the Board of Governors alleges the following:

JURISDICTION

1. Bankers Trust Company is, and at all times relevant to the allegations herein was, a state member bank, chartered and doing business under the laws of the State of New York and having its principal place of business in New York, New York. At all times relevant to the

allegations herein, Bankers Trust was subject to the FDI Act (12 U.S.C. § 1811 et seq.), the Federal Reserve Act (12 U.S.C. § 221 et seq.), and the rules and regulations of the Board of Governors of the Federal Reserve System (12 C.F.R. § 201 et seq.).

2. By reason of his duties and responsibilities for Bankers Trust, Kingdon was at all times relevant to the allegations herein an institution-affiliated party of Bankers Trust, as defined in Section 3(u) of the FDI Act (12 U.S.C. § 1813(u)). As an institution-affiliated party of Bankers Trust, Kingdon was subject to the FDI Act, the Federal Reserve Act, and the rules and regulations of the Board of Governors at all times relevant to the allegations herein.

3. By reason of his duties and responsibilities for Bankers Trust, Goglia was at all times relevant to the charges herein an institution-affiliated party of Bankers Trust, as defined in Section 3(u) of the FDI Act. As an institution-affiliated party of Bankers Trust, Goglia was subject to the FDI Act, the Federal Reserve Act, and the rules and regulations of the Board of Governors at all times relevant to the allegations herein.

4. By reason of his duties and responsibilities for Bankers Trust, Plante was at all times relevant to the charges herein an institution-affiliated party of Bankers Trust, as defined in Section 3(u) of the FDI Act. As an institution-affiliated party of Bankers Trust, Plante was subject to the FDI Act, the Federal Reserve Act, and the rules and regulations of the Board of Governors at all times relevant to the allegations herein.

OVERVIEW

5. Throughout the period of time relevant to this Notice, the custodial, trust, and processing services conducted by CPS generated credits and unclaimed funds that were reflected on Bankers Trust's books and records, but were not the property of Bankers Trust. For example,

(a) The Corporate Trust Agency Group ("CTAG") provided paying agent and fiduciary services for issuers of securities, and, at times, it issued checks to securities holders for dividends and interest earned on the securities, which checks were not cashed; (b) The Retirement Services Group ("RSG") served as, among other things, administrator of corporate and government employee benefit and pension plans, and, at times, it issued benefit checks that were not cashed; and (c) Global Securities Services ("GSS"), which at times was also known as Global Retirement Securities Services ("GRSS"), provided, among other things, custodial, processing, agent bank, and clearing services to buyers and sellers of securities, and, at times, it received overpayments for these services that were reflected on Bankers Trust's books and records as credits and maintained in suspense and trust accounts until the ownership of these funds was resolved.

6. As detailed herein, for the purpose of enhancing their compensation and reputation with respect to each of their positions, Kingdon, Goglia and Plante participated in a common scheme to misappropriate funds reflected as credits and held in trust and suspense accounts within CPS for customers of Bankers Trust and their beneficiaries. As part of this scheme, Kingdon, Goglia and Plante misapplied these funds by transferring them to Bankers Trust reserve accounts (slush funds), and to income and expense accounts. Through these actions, Kingdon, Goglia and Plante made or caused to be made false and inaccurate entries in Bankers Trust's books and records for the purpose, and with the effect, of deceiving Bankers Trust's senior management and internal and external auditors, and Federal Reserve and New York State Banking Department examiners concerning the financial condition of CPS in 1994 and 1995 and concerning the nature of CPS transactions and events during the period between 1994 and 1996.

Fiduciary Duties of Bank Officers

7. An officer of a bank has a fiduciary duty of care to the bank relative to the discharge of his responsibilities. This duty of care requires an officer to exercise a standard of care in performing his job equal to that which a reasonable and prudent person in a like position would exercise in similar circumstances. The duty of care requires, among other things, that an officer with responsibility in the trust and other fiduciary businesses of a bank prevent or avoid actions that would cause the bank to breach its fiduciary duty to its clients, including an illegal conversion or misapplication of funds that the bank holds in a trust or custodial capacity.

8. An officer of a bank has a fiduciary duty of loyalty to the bank relative to his personal and business interests. This duty of loyalty requires an officer to place the bank's interest ahead of competing personal or business interests and to act in a manner that is in the bank's best interest.

Safe and Sound Practice

9. It is an unsafe and unsound practice for an officer of a bank to engage in a fraudulent scheme to misappropriate and misapply credits and unclaimed funds owned by customers or beneficiaries of the bank or to make or cause to be made false entries in the books and records of a bank to misrepresent the bank's financial condition or to conceal fraudulent activity or breaches of the bank's or the officer's fiduciary duties. In addition, pursuant to Appendix D-1 of Regulation H, 12 C.F.R. § 208, App. D-1, the Interagency Guidelines Establishing Standards for Safety and Soundness, the senior officers responsible for the major businesses of all insured depository institutions must establish operational and managerial standards that require an institution to have systems of controls and information systems that are

appropriate to the size of the institution and the nature, scope, and risk of the activities and provide for, inter alia:

- a. an organizational structure that establishes clear lines of authority and responsibility for monitoring adherence to established policies;
- b. accurate financial, operational and regulatory reports;
- c. adequate procedures to safeguard and manage assets; and
- d. compliance with applicable law and regulation.

FACTUAL ALLEGATIONS

10. From on or about January 1994 through 1996, Kingdon was responsible for, among other things, the management, controls, operations, reporting and financial performance of CPS.

11. From on or about January 1994 through May 1996, Goglia was responsible for, among other things, controls, compliance, and the reporting and other financial presentation of the business results of CPS.

12. From on or about January 1994 through March 1996, Plante's duties and responsibilities included, among other things, serving as interim CTAG controller, GSS journal manager, and an officer assigned to special projects.

Corporate Trust Funds

13. Beginning in 1994, Kingdon, Goglia, and Plante devised and executed a scheme to divert the proceeds of aged unclaimed checks and other funds due to bondholders whose issuers used Bankers Trust's corporate trust and paying agent services and to transfer those funds to Bankers Trust's accounts to bolster the financial performance of CTAG in general

and CPS as a whole.

14. In February 1994, Goglia informed a subordinate that he needed money from CTAG and later directed the transfer of funds from various accounts as set forth below.

15. Goglia instructed a Vice President of Bankers Trust ("VP-1") to create a schedule that would catalogue and quantify the amount of funds representing stale dated checks and dormant accounts that were due to bondholders or were escheatable to various states.

16. In February 1994, after reviewing the schedule of checks and dormant funds in a meeting with VP-1, Goglia sent an e-mail to VP-1 on the subject of "Escheatment" that instructed VP-1 "to take as much as possible to avoid dealing with too many people in the future."

17. In connection with this common scheme involving Kingdon, Goglia and Plante, the following events occurred:

- (a) On February 28, 1994, Goglia and Plante directed the transfer of \$500,000, comprised of funds from dormant ledger accounts, to be transferred to a reserve account, titled Accrued Expense-3275;
- (b) On or about March 11, 1994, Goglia and Plante directed the transfer of approximately \$401,000, comprised of balances of dormant ledger accounts, to the CTAG Reserve;
- (c) On or about April 28, 1994, Goglia apprised Kingdon that CPS would contribute an additional \$1 million under the heading of Escheatment to Bankers Trust earnings;
- (d) On or about June 30, 1994, Kingdon, Goglia, and Plante directed the cancellation of thousands of checks from demand deposit accounts, which were part of a schedule of checks earmarked to be taken;

- (e) On or about June 30, 1994, Kingdon, Goglia and Plante directed the transfer of approximately \$700,000 in CTAG check proceeds from the 12409 Corporate Trust Operating Ledger ("CTOL") account to a CTAG commission income account;
- (f) On or about August 4, 1994, Goglia and Plante directed the transfer of approximately \$400,000 in CTAG check proceeds from the 12409 CTOL account to the GIS Reserve;
- (g) On or about May 9, 1995, Goglia met with several others including Plante on the subject of "Escheatment" to continue and expand the scheme by drawing on additional sources of unclaimed funds held in CTAG accounts to supplement CPS reserves;
- (h) On or about May 31, 1995, Goglia directed the transfer of approximately \$78,000 related to stale check proceeds originating from Bankers Trust's Unit Investment Trust business and held in the CTOL 12409 Account to the CTAG Reserve;
- (i) On or about August 1995, Goglia directed a Vice President of Bankers Trust ("VP-2") to prepare a schedule for Goglia and Kingdon titled "GIS Funds-Opportunities," that listed \$5.4 million in unclaimed funds in a column under the heading "Recommended Taking" for the purpose of advancing the scheme;
- (j) On or about September 29, 1995, Goglia directed the transfer of \$1,100,000 related to CTAG check proceeds held in the 12409 CTOL account to the GIS Reserve; and
- (k) On or about February 1996, Goglia inquired about moving more funds from the GIS Opportunities lists to reserves and/or to income.

18. Throughout the period alleged in the Notice, and specifically in connection with transfers and other actions set forth in paragraph 17 hereof, Kingdon, Goglia, and Plante used funds that were the property of Bankers Trust's customers or their beneficiaries or that were subject to escheatment to the state, to fraudulently enhance CPS revenues and offset expenses incurred by CPS.

19. Throughout the period alleged in the Notice, and specifically in connection

with transfers and other actions set forth in paragraph 17 hereof, Kingdon, Goglia, and Plante caused false entries to be made in Bankers Trust's books and records, including reports and reserve schedules, for the purpose of deceiving Bankers Trust's senior management and internal and external auditors, and Federal Reserve and State of New York examiners.

Foreign Credits and Employee Benefit Checks

20. At various times in 1994 and 1995, Kingdon and Goglia devised and executed a scheme to control reserve accounts that were funded, in part, by unclaimed funds and used at their joint discretion to either bolster the revenue of Bankers Trust or a particular division of CPS or to offset expenses related to a CPS business line.

21. On about February 1995, in order to replenish reserves, Goglia sent an e-mail on the subject: "Money Search" that directed his subordinates, including VP-2, to "identify opportunities" by reviewing a variety of CPS accounts holding unclaimed funds.

22. In connection with this aspect of their scheme, on or about March 1995, in order to correct an undisclosed revenue shortfall of approximately \$10 million in the reported earnings of RSG for the period ending December 31 1994, Kingdon and Goglia devised a plan to conceal the shortfall by, in part, transferring unclaimed funds from reserve accounts to RSG revenue accounts.

23. Also in connection with this aspect of their scheme, the following events occurred:

- (a) On or about May 31, 1994, Goglia directed the transfer of approximately \$1,100,000, which was originally foreign-denominated credits held in a GSS suspense account, to a CPS income account;

- (b) On or about September 19, 1994, Goglia directed the transfer of approximately \$2,790,000, which was originally foreign-denominated credits held in a GSS suspense account;
- (c) On or about March 30, 1995, Goglia directed the transfer of approximately \$741,851 of unclaimed funds that were originally of a foreign denomination and were held in a GSS suspense account, to the GIS Reserve;
- (d) On or about May 24, 1995, Goglia directed the transfer of approximately \$946,000, the proceeds of which related to unclaimed employee benefit checks held in RSG accounts, to the GIS Reserve;
- (e) On or about May 31, 1995, Goglia directed the transfer of approximately \$705,865 the proceeds of which related to unclaimed employee benefit checks held in RSG accounts, to the GIS Reserve;
- (f) On or about June 29, 1995, Goglia directed the transfer of approximately \$1,190,000 of unclaimed funds held in GSS suspense accounts to the GIS Reserve;
- (g) On or about June 30, 1995, Goglia directed the transfer of approximately \$655,240 of unclaimed credits held in a GSS suspense account to the GIS Reserve; and
- (h) On or about July 11, 1995 Goglia directed the transfer of approximately \$505,000 of unclaimed excess dividends and interest income held on the books of Bankers Trust's office in the United Kingdom to the GIS Reserve.

24. Throughout the period alleged in the Notice, and specifically in connection with transfers and other acts set forth in paragraph 23 hereof, Kingdon and Goglia used funds that were the property of Bankers Trust's customers or their beneficiaries, or that were subject to escheatment to state authorities, to fraudulently enhance CPS revenues and offset expenses incurred by CPS.

25. Throughout the period alleged in the Notice, and specifically in connection with the transfers and other acts set forth in paragraph 23 hereof, Kingdon and Goglia caused

false entries to be made in Bankers Trust 's books and records, including reports and reserve schedules, for the purpose of deceiving Bankers Trust's senior management and internal and external auditors and Federal Reserve and State of New York examiners.

Domestic Custody

26. Until sometime in 1994, the Income Collection unit of Bankers Trust's GSS business held accumulated funds representing principal, dividends, and interest income where the owners of the funds could not otherwise be determined or where the funds could not otherwise be applied to the accounts of a custodial customer of Bankers Trust ("unapplied credits" or "owner unknown funds"). These funds were held in suspense accounts or in funds held awaiting payment accounts ("FHAP" accounts) until a claim was made on such funds or until the relevant dormancy period was satisfied and such funds would be escheated to state authorities.

27. In May 1995, Plante, with knowledge and approval of others, undertook a project to identify aged credit items on the books of Bankers Trust 's GSS Division generated from the Income Collection unit.

28. On or about June 2, 1995, Plante traveled to Bankers Trust 's Nashville office for the purpose of identifying aged credits that could be used to fund a GSS reserve account. Plante accomplished this task by reviewing reports from the bank's reconciliation system, which had the capability of identifying unapplied aged credits by certain criteria.

29. On June 24, 1995, Plante and others directed the transfer of \$3.9 million from FHAP and other suspense accounts held by the Income Collection unit that were earmarked for escheatment to an account titled EB1600, which was, in part, used to establish the GRSS reserve.

30. Bankers Trust's official Corporate Accounting Policy required officers in the Corporate Controllers' division and the Audit function to approve claims forms for operational expenses deemed unrecoverable.

31. Plante, in consultation with Goglia and others used \$2.6 million of the funds from the GRSS reserve to offset operational expenses.

32. Throughout the period alleged in the Notice, and specifically in connection with transfers and other acts set forth in paragraphs 27 through 31 hereof, Goglia and Plante used funds that were the property of Bankers Trust's customers or their beneficiaries, or that were subject to escheatment to state authorities, to fraudulently enhance CPS revenues and offset expenses incurred by CPS.

33. Throughout the period alleged in the Notice, and specifically in connection with transfers and other acts set forth in paragraphs 27 through 31 hereof, Goglia and Plante caused false entries to be made in Bankers Trust's books and records, including reports and reserve schedules, for the purpose of deceiving Bankers Trust's senior management and internal and external auditors and Federal Reserve and State examiners.

Failure to Adhere to Regulatory Requirements, Banking Practices, and Standards of Care

34. Throughout the period alleged in this Notice, Kingdon and Goglia failed to implement management information systems and a control environment including procedures that would, among other things, result in accurate books and records for CPS and procedures that would safeguard funds held in a custodial or trust capacity.

35. Throughout the period alleged in this Notice, Kingdon, Goglia, and Plante failed to exercise the fiduciary duties required of officers in their position, in view of their

experience and knowledge of, and access to: (a) the accounting policies and controls in effect at Bankers Trust concerning unclaimed property, reserves, and income recognition; (b) the standards in the industry and the practices at Bankers Trust concerning the handling of unclaimed property; and (c) the legal advice available and provided to them by internal and outside counsel concerning the accounting for, and transfer of, unclaimed property.

Fines and Penalties Paid and Other Damage and Consequences Suffered by Bankers Trust

36. Bankers Trust suffered, and is likely to suffer additional financial loss and other damage as a result of the acts and practices of Kingdon, Goglia, and Plante as follows:

(a) On or about March 11, 1999, Bankers Trust entered a plea of guilty in the United States District Court for the Southern District of New York. Pursuant to that plea, Bankers Trust agreed to pay \$60 million as a criminal fine to the United States Treasury.

(b) On or about March 11, 1999, Bankers Trust paid \$3.5 million to the New York State Banking Department as a civil penalty.

37. Bankers Trust suffered, and is likely to suffer additional financial loss and other damage as a result of the acts and practices of Kingdon, Goglia, and Plante because, as a result of its guilty plea, Bankers Trust has been, and may be continue to be, subject to statutory and regulatory restrictions and disabilities concerning, among other things, its ability to act as a manager for pension funds under labor laws, and to provide investment management and other services under the securities laws.

THE MISCONDUCT OF KINGDON, GOGLIA AND PLANTE

COUNT 1: Breaches of Fiduciary Duty to Bankers Trust

38. As set forth in this Notice, Kingdon, Goglia, and Plante breached their

fiduciary duties of care and loyalty to Bankers Trust by:

- (a) Placing their self interest above the interest of Bankers Trust in order to enhance their compensation and professional reputation by attempting to fraudulently bolster the income of CPS, and managing, or otherwise participating in, Bankers Trust's fiduciary businesses in a manner that was likely to cause Bankers Trust to breach its fiduciary duty to its clients by converting unclaimed funds held in a fiduciary capacity;
- (b) failing to exercise a standard of care required of a bank officer with managerial responsibility for a fiduciary business by acting contrary to, and often recklessly disregarding, the advice of counsel established accounting policies and controls of Bankers Trust, and established industry practices regarding the handling of unclaimed property;
- (c) knowingly providing false information concerning the financial performance of CPS, sources of revenue, and expense reductions; and
- (d) knowingly causing false entries to be made in the books and records of Bankers Trust.

COUNT 2: Unsafe and Unsound Banking Practices

39. (a) As set forth in this Notice, Kingdon, Goglia, and Plante engaged in unsafe and unsound banking practices by, inter alia:

- 1. engaging in a fraudulent scheme to misappropriate and misapply credits and unclaimed funds; and
- 2. causing false entries to be made in Bankers Trust's books and records to deceive Bankers Trust officers, employees and agents and federal and state regulatory authorities.

(b) As set forth in this Notice, Kingdon and Goglia engaged in unsafe and unsound banking practices by failing to impose systems of controls and information systems that were appropriate to the CPS business given the nature and scope of its activities that provided for:

1. clear lines of authority and responsibility for monitoring adherence to established policies and compliance with law;
2. accurate financial, operational and regulatory reports; and
3. adequate procedures to safeguard assets.

COUNT 3 Violations of Law

40. (a) As set forth in this Notice, Kingdon, Goglia, and Plante violated the prohibition against bank officers misapplying funds held in the custody or care of a bank subject to the Federal Reserve's supervision as contained in 18 U.S.C. § 656, when they caused various funds to be transferred to income, expense or certain reserve accounts.

(b) As set forth in this Notice, Kingdon, Goglia, and Plante violated the prohibition against making false entries on the bank's books and records as contained in 18 U.S.C. § 1005, when they transferred funds to reserve, income or expense accounts and when they falsely characterized unclaimed funds to be reserves, income or expense reduction on reports, schedules and other records of Bankers Trust.

(c) As set forth in this Notice, Kingdon, Goglia, and Plante violated the prohibition against engaging in a conspiracy to commit unlawful acts and taking overt acts in furtherance thereof, as contained in 18 U.S.C. §§ 2 and 371, when they agreed to participate in a fraudulent scheme to violate 18 U.S.C. §§ 656 and 1005 and took steps in furtherance of their scheme.

(d) As set forth in this Notice, Goglia violated the prohibition of law against embezzling or converting funds connected to employee welfare benefit plans and employee pension benefit plan contained in 18 U.S.C. § 664.

LOSS AND DAMAGE TO BANKERS TRUST, PREJUDICE TO DEPOSITORS, AND GAIN AND BENEFIT TO KINGDON, GOGLIA, AND PLANTE

41. As a result of Kingdon's, Goglia's, and Plante's breaches of fiduciary duty, unsafe and unsound banking practices and violations of law:

(a) Bankers Trust has suffered and is likely to continue to suffer (1) financial losses totaling \$63,500,000 in fines and penalties that Bankers Trust is required to pay to the United States Treasury and the New York State Banking Department, and additional financial losses in connection with internal and external investigations and audits of the CPS operations and legal and accounting work for expense incurred to avoid regulatory restrictions and disabilities arising from Bankers Trust's guilty plea; and (2) damage to its reputation and ability to offer an unrestricted variety of customer services.

(b) The interests of the depositors of Bankers Trust were prejudiced; and

(c) Kingdon, Goglia, and Plante received financial gain in the form of bonuses and other recognition during the period 1994 through 1996 due to supposed good earnings and operating results of the CPS operations, resulting, in part, from the improper transfer and booking of funds belonging to clients and their beneficiaries, or subject to escheatment to state authorities, to enhance income or reduce expenses. Kingdon also received other gain and benefit through his promotion to Bankers Trust's operating committee on or about February 26, 1996.

PERSONAL DISHONESTY AND WILLFUL AND CONTINUING DISREGARD

42. Kingdon, Goglia, and Plante demonstrated personal dishonesty and willful and continuing disregard for the safety and soundness of Bankers Trust by:

(a) Transferring, participating in the transfer, or approving or condoning the transfer of customer funds and funds subject to escheatment into Bankers Trust's income, expense and reserve accounts when they knew Bankers Trust was not entitled to such funds;

(b) Using, or directing, encouraging, counseling, approving, or condoning the use of such funds to enhance the revenue and pay the expenses of Bankers Trust;

(c) Making, causing to be made, or approving or condoning the making of, false entries in the books, accounts, and records of Bankers Trust to inaccurately depict the institution's improved financial condition and performance and to conceal their breaches of fiduciary duties, violations of law, and unsafe and unsound practices.

RELIEF REQUESTED

Prohibition Action

43. Notice is hereby given that a hearing will be held on September 13, 1999, at the Federal Reserve Bank of New York for the purpose of taking evidence on the charges herein-before specified in order to determine whether an appropriate order should be issued, pursuant to Section 8(e) of the FDI Act, to prohibit, without the prior written approval of the Board of Governors, and, where necessary, pursuant to Section 8(e)(7)(B) of the FDI Act, another federal financial institution regulatory agency, the future participation of Kingdon, Goglia, and Plante in the affairs of any insured depository institution, any holding company thereof, or other institution or agency specified in Section 8(e)(7)(A) of the FDI Act, including serving as an officer, director, or employee of, any such insured depository institution, any holding company thereof, or other institution.

44. The hearing referred to in Paragraph 43 hereof shall be held before an Administrative Law Judge to be appointed by the Office of Financial Institution Adjudication (the "OFIA"), and shall be conducted in accordance with the provisions of the FDI Act and the Board of Governors' Rules of Practice for Hearings (12 C.F.R. Part 263) (the "Rules of Practice"). The hearing shall be public, unless the Board of Governors shall determine that a public hearing would be contrary to the public interest.

Answer to Charges and Request for Private Hearing

45. Kingdon, Goglia, and Plante are hereby directed to file an answer to this Notice within 20 days of the service of this Notice, as provided by Section 263.19 of the Rules of Practice (12 C.F.R. § 263.19) with the OFIA, 1700 G Street, N.W., Washington, D.C. 20552. Pursuant to Section 263.11(a) of the Rules of Practice (12 C.F.R. § 263.11(a)), any answer filed with the OFIA shall also be served on the Secretary of the Board of Governors. As provided in Section 263.19(c)(1) of the Rules of Practice (12 C.F.R. § 263.19(c)(1)), a respondent's failure to file an answer as required by this Notice within the time provided herein shall constitute a waiver of that respondent's right to appear and contest the allegations of this Notice, and authorization for the presiding officer, upon proper motion, to find the facts as alleged in the Notice and to file with the Secretary of the Board of Governors a recommended decision containing such findings and appropriate conclusions.

46. Kingdon, Goglia, and Plante may each submit, within 20 days of the service of this Notice, to the Secretary of the Board of Governors, a written statement detailing the reasons why the hearing described in Paragraph 43 hereof should not be public. A respondent's failure to submit such a statement within the aforesaid period shall constitute a waiver of that

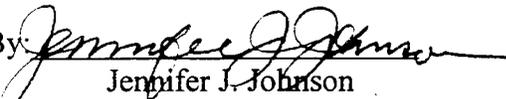
respondents objection to a public hearing.

Delegation of Authority

47. Authority is hereby delegated to the Secretary of the Board of Governors to take any and all actions that the presiding officer would be authorized to take under the Rules of Practice with respect to this Notice and any hearing conducted thereon, until such time as a presiding officer shall be designated by the OFIA as provided herein.

Dated at Washington, D.C. this 19th day of July, 1999.

BOARD OF GOVERNORS
FEDERAL RESERVE SYSTEM

By 
Jennifer J. Johnson
Secretary of the Board