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OCC Completes Enforcement Action Against  
Former Counsel of Summit National Bank

WASHINGTON, D.C. -- The Office of the Comptroller of the Currency (OCC) today announced the conclusion of an administrative enforcement action against Augustus I. Cavallari, Jr., a former legal counsel of Summit National Bank, Torrington, Connecticut.

The last portion of the OCC's action against Cavallari was concluded by negotiated settlement. Under the terms of the settlement, Cavallari will pay the Federal Deposit Insurance Corporation, as successor to Summit National Bank, a total of \$425,000.

The OCC's enforcement action against Cavallari was tried in an administrative hearing in Hartford, Connecticut in August of 1993. On May 11, 1995, the United States Court of Appeals for the Second Circuit affirmed a prohibition order and civil money penalty against Cavallari.

The OCC took enforcement action against Cavallari based on his conduct as an institution-affiliated party (IAP) of Summit, where he served as the bank's attorney. Cavallari was found by the Comptroller to have engaged in an unsafe and unsound practice, and to have violated a temporary order to cease and desist by supplying a legal opinion and drafting documentation to replace solvent guarantors on a loan at the bank with an insolvent guarantor.

The OCC's action against Cavallari represents the first OCC litigation against an attorney under the IAP standard created by the Financial Institutions Reform, Recovery and Enforcement Act of 1989 (FIRREA).

FIRREA expanded the range of persons who are subject to agency enforcement actions to include independent contractors, such as attorneys, who engage in misconduct while representing financial institutions. Previously, such actions could be taken only against bankers.

The actions against Cavallari are the last in a series brought by the OCC and the Office of Thrift

Supervision against the Penta Group institutions in Connecticut. The OCC has recovered over

\$1.2 million in actions related to the Penta Group, with additional payments expected in the future.

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The OCC charters, regulates and examines America's approximately 2,800

national banks and 70 federal branches and agencies of foreign banks in the

U.S., accounting for more than half of the nation's bank assets. Its mission

is to ensure the safety and soundness of the national banking system.