

# Ex-chairman files 2nd lawsuit against bank

By Tim Richard  
staff writer

Stanford C. Stoddard has filed a second suit against directors of Michigan National Corp., charging they failed to indemnify him for attorneys' fees he paid in successfully fighting a federal case.

Stoddard, 58, of Birmingham, is asking \$3 million from each of the 19 directors, for a total of \$37 million. He was board chairman of the Farmington Hills-based bank until forced out in mid-1984.

"MNC has a mandatory obligation to indemnify plaintiff (Stoddard) against expenses, including actual and reasonable attorneys' fees," said his attorney, Randolph J. Friedman of Southfield.

The case has been assigned to Oakland Circuit Judge Barry L. Howard, in his first year on the bench.

MNC SPOKESMAN Ariadne Magoulias said the bank had no comment on the case.

Nor could she verify Stoddard's allegation that on April 20 he sent each director a letter demanding they authorize MNC to indemnify him.

Stoddard's complaint added the MNC board refused on May 17 to authorize bank payment of his fees.

His attorney, Friedman, said a "shareholders derivative suit" might be brought against both the individual directors and MNC if the directors are indemnified in this suit.

STODDARD'S SUIT seeks to recover costs of his lengthy defense in a 1986 case brought by the U.S. Comptroller of the Currency and the Federal Reserve Board.

The Fed sought to ban Stoddard from banking for life and assess him a civil penalty of \$140,000 for misuse of bank funds.

A federal appeals court panel in Washington vacated that finding and penalty in March. It said the Fed lacked jurisdiction because Stoddard already had resigned as chairman of MNC.

"One cannot remove what isn't there," the appeals court said.

That case was handled for Stoddard by Washington attorneys Richard M. Roberts and Sandy Comenetz.

MEANWHILE, U.S. attorney for eastern Michigan said his office will not appeal a second Court of Appeals decision overturning Stoddard's conviction on a separate criminal matter.

James Mitchell said Justice Department officials in Washington concurred in his recommendation against appealing that ruling.

Mitchell said Monday his office was discussing whether to prosecute that case all over again.

When would he decide? "A week or two. Three weeks," Mitchell replied.

In that case, a federal jury in 1987 found Stoddard guilty of misapplying MNC funds involving the bank's lease of a downtown Jackson building in which Stoddard had a financial interest. Judge Anna Diggs Taylor sentenced him to three years in prison.

But the Court of Appeals in Cincinnati threw out the conviction on the ground that the Jackson bank wasn't a member of the Federal Reserve system, as charged, although its funds are federally insured.

In that case, Stoddard was defended by Detroit attorney Neil Flak and former chief recorders judge Samuel Gardner.

"The Court of Appeals sent it back and said re-try it as a bank insured by the FDIC (Federal Deposit Insurance Corp.)," Mitchell said. "We're free to go back and re-prosecute."

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