

Banker loses appeal

By Tim Richard
staff writer

The state Court of Appeals said Stanford C. Stoddard used the wrong bank when he went after Michigan National Corp.

The appeals court last week reversed Oakland Circuit Judge Steven Andrews' summary judgment in favor of Stoddard, 62, of Birmingham, who sought millions in indemnification from the bank for his legal troubles with the federal government.

The appeals court then sent the case back to Andrews, but for what purpose wasn't clear.

There's no question that if the suit is still alive, said Stephen Landau, a Southfield attorney who represented Stoddard. Landau declined further comment until he had studied the five-page opinion.

STODDARD was chairman of Michigan National Bank of Detroit until 1984 when he was forced to resign. One federal agency charged him with misusing bank funds on his home and family. Another tried him for an insider rental deal involving the bank's Jackson subsidiary.

Both times Stoddard was cleared on appeals. He's now says the bank owes him attorney fees.

But since he left the holding company, Michigan National consolidated a dozen banks under a single charter under a new state banking law. The new firm is Michigan National Corp., headquartered in Farmington Hills.

"FOR REASONS different than those argued by the defendant (bank), we agree that the trial court (Andrews) erred in granting plaintiff (Stoddard) summary disposition on the issue of the liability," said the appeals court.

"Plaintiff claims that he was serving as president, chairman of the board and chief executive officer of the bank (MNB-Detroit) at the request of defendant and that the underlying proceedings (by the federal government) were brought by reason of these positions. Therefore, plaintiff argues that he is entitled to indemnification from defendant because he successfully defended those proceedings."

But the appeals court called Stoddard's reasoning "fatally flawed because."

"(The administrative proceedings brought against plaintiff were not by reason of his executive positions



Stanford C. Stoddard

with defendant corporation. Rather, we are satisfied that the proceedings were initiated because of plaintiff's positions as president, chairman of the board, and chief executive officer of Michigan National Bank-Detroit.

"Only directors, officers, employees and agents of the corporation from which indemnification is sought may rely on the mandatory provision" of the state business corporation act. "Thus, persons serving in other corporations at the request of the corporation from which mandatory indemnification is sought are not entitled to rely on sec. 563 for recovery."

Because MNB-Detroit no longer exists, it's uncertain where Stoddard's case stands.

In a footnote, the court said, "We have been unable to determine from the record whether plaintiff has sought indemnification from Michigan National Bank-Detroit, the entity most connected with these underlying administrative proceedings."

The appellate opinion was signed by Judges David H. Sawyer and the old food Judge Maureen P. Kelly concurred in reversing Andrews' ruling but for a different reason. She said Stoddard is no longer entitled to indemnification because he "is no longer affiliated with either the bank or the holding company as an officer, director, employee or agent

One more time County rejects plan for non-violent offenders

By Pat Murphy
staff writer

Oakland County has again rejected a state program that would provide \$1 million to keep nonviolent felons out of jail.

Despite protests to the contrary, commissioners were concerned violent criminals might be released... and that state funds would eventually be cutoff, leaving the county to pay the full cost.

"I just don't want some of these people roaming the streets," said commissioner Donald W. Jensen, R-Birmingham, one of six members of the county board's finance committee to vote against a proposed Community Corrections Program Thursday.

The program — put together over two years by a panel of judges, probation officers and other court officials — would provide state funds to establish or expand counseling, job training or work release programs for nonviolent offenders.

It would also enable judges to require community service from felons who could not pay fines or court costs assessed because of convictions.

THE SAME FINANCE committee voted against the community corrections program last month, but agreed to take it up again after the full Oakland County Board of Commissioners asked for reconsideration.

The program was staunchly opposed by Oakland County prosecutor

Richard Thompson who objected to several provisions, including those calling for community housing as an option to jail for nonviolent criminals.

"The prosecutor wants to put everybody in jail," said commissioner Lawrence Pernick, D-Southfield, one of four commissioners who voted in favor of the project. "And his philosophy carried over to commissioners. Oakland has lost an opportunity."

Had Pernick's side prevailed, the proposal would have before the entire board of commissioners for consideration and possible adoption. Support and opposition to the community corrections program was

split, with Democrats and Republicans on both sides of the issue.

REPUBLICANS JOHN PAPPAGEORGE of Troy and Donald E. Bishop of Rochester Hills, for example, voted with Democrats Pernick and Hubert Price of Pontiac in favor of the community corrections proposal.

Democrat James Ferreras of Pontiac sided with GOP commissioners voting against it Tuesday. Besides Jensen they are Marilyn Gosling, Bloomfield Hills; G. William Caddell, Walled Lake; John Olsen, Huntington Woods; and John McCulloch, Royal Oak.

Part of the opposition centered on the contention that Oakland County already provides adequate opportunities for nonviolent offenders.

Some commissioners noted, for example, that the sheriff's bootcamp, started up again last week, giving some nonviolent offenders the choice of strict, regimented training there, or a regular sentence in the county jail.

Proponents of the community corrections program say the boot camp is fine, but doesn't go far enough. It doesn't, for example, provide similar options to women inmates or those who are not physically able to qualify for the rigors of bootcamp.

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