

FEDERAL DEPOSIT INSURANCE CORPORATION

WASHINGTON, D.C.

| | |
|----------------------------------|---------------------------|
| _____) | |
| In the Matter of) | |
| USA BANK) | ORDER TO CEASE AND DESIST |
| PORT CHESTER, NEW YORK) | |
| (INSURED STATE NONMEMBER BANK)) | FDIC-07-206b |
| _____) | |

Port Chester, NYUSA BankUSA Bank, Port Chester, New York ("Insured Institution"), having been advised of its right to a Notice of Charges and of Hearing detailing the unsafe or unsound banking practices, violations of law, regulation and/or written conditions imposed by an order granting an application alleged to have been committed by the Insured Institution and of its right to a hearing on the alleged charges under section 8(b)(1) of the Federal Deposit Insurance Act ("Act"), 12 U.S.C. § 1818(b)(1), and having waived those rights, entered into a STIPULATION AND CONSENT TO THE ISSUANCE OF AN ORDER TO CEASE AND DESIST ("CONSENT AGREEMENT") with counsel for the Federal Deposit Insurance Corporation ("FDIC"), dated October 18, 2007, whereby solely for the purpose of this proceeding and without admitting or denying the alleged charges of unsafe or unsound banking practices, violations of law, regulation and/or written conditions imposed by an order granting an application, the Insured Institution

consented to the issuance of an ORDER TO CEASE AND DESIST ("ORDER") by the FDIC.

The FDIC considered the matter and determined that it had reason to believe that the Insured Institution had engaged in unsafe or unsound banking practices and had committed violations of law, regulation and/or written conditions imposed by an order granting an application. The FDIC, therefore, accepted the CONSENT AGREEMENT and issued the following:

ORDER TO CEASE AND DESIST

IT IS HEREBY ORDERED that the Insured Institution, its directors, officers, employees, agents and other institution-affiliated parties (as that term is defined in Section 3(u) of the Act, 12 U.S.C. § 1813(u)), and its successors and assigns cease and desist from engaging in the unsafe or unsound banking practices and committing the violations of law, regulation and/or written conditions imposed by an order granting an application specified below:

(a) operating with inadequate management supervision and oversight by the Board to prevent unsafe or unsound practices and violations of law and regulation;

(b) operating with inadequate management supervision and oversight by the Board to ensure compliance with certain written conditions imposed by the FDIC in its August 10, 2005

order approving the Insured Institution's application for deposit insurance

(c) operating without a current, comprehensive written business/strategic plan and budget;

(d) operating with staff not properly qualified to perform present and anticipated duties;

(e) operating with inadequate training programs for the Board, management and staff;

(f) operating with inadequate audit policies, processes and procedures;

(g) violating 31 U.S.C. § 5318 and its implementing regulation, 12 C.F.R. Part 353;

(h) violating the Equal Credit Opportunity Act, 15 U.S.C. § 1601 *et seq.* and its implementing regulation, Regulation B, 12 C.F.R. Part 202, of the Rules and Regulations of the Board of Governors of the Federal Reserve System ("FRB's Rules and Regulations"), the Real Estate Settlement Procedures Act, 12 U.S.C. § 2601 *et seq.* and its implementing regulation, Regulation X, 24 C.F.R. § 3500, of the Rules and Regulations of the Department of Housing and Urban Development, the Federal Truth in Lending Act, 15 U.S.C. § 1601 *et seq.* and its implementing regulation, Regulation Z, 12 C.F.R. Part 226, of the FRB's Rules and Regulations, the Expedited Funds Availability Act, 12 U.S.C. §§ 4001- 4010 and its implementing regulation, Regulation CC, 12 C.F.R. Part 229, of the FRB's Rules and Regulations, the Truth in Savings Act of 1991, 12 U.S.C. § 4300 *et seq.* and its

implementing regulation, Regulation DD, 12 C.F.R. Part 230, of the FRB's Rules and Regulations, the Fair Credit Reporting Act, 15 U.S.C. § 1681 *et seq.* and the FDIC's Advertisement of Membership provisions, 12 C.F.R. Part 328 of the FDIC's Rules and Regulations (collectively referred to as "CPS");

(i) operating with an inadequate compliance management system ("CMS") to monitor and ensure compliance with the federal consumer protection statutes and regulations;

(j) operating with inadequate information technology policies, processes and procedures;

(k) operating with inadequate policies, procedures and processes to ensure compliance with the information security standards established by the Gramm-Leach-Bliley Act, 15 U.S.C. §§ 6801 and 6805(b), and implemented by the FDIC in Appendix B to Part 364 of the FDIC's Rules and Regulations, 12 C.F.R. Part 364, Appendix B.

IT IS FURTHER ORDERED that the Insured Institution, its institution-affiliated parties, and its successors and assigns, shall take affirmative action as follows:

ASSESSMENT OF MANAGEMENT AND STAFF

1. (a) Within 30 days from the effective date of this ORDER, the Board shall engage an independent third party, acceptable to the Regional Director, with the appropriate

expertise and qualifications to analyze and assess the Insured Institution's management and staffing needs and the performance of Insured Institution's chairman of the Board, directors and "Senior Executive Officers" (as that term is defined in 12 C.F.R. 303.101(b)), as well as the appropriateness of all current and deferred compensation paid to each director and each Senior Executive Officer in light of each respective director's and Senior Executive Officer's competence, responsibilities and performance with a comparison of such compensation to that of institutions of comparable size and complexity, and, based on the foregoing analyses and comparisons, to identify an appropriate level of compensation for each director and Senior Executive Officer. The engagement shall require that this analysis and assessment be summarized in a written report to the Board ("Management Report"), with a copy simultaneously delivered to the Regional Director. At a minimum, the Management Report shall:

(i) with respect to the position of chairman of the board, giving appropriate consideration to the size and complexity of the Insured Institution, (A) identify the authorities, responsibilities and accountabilities appropriate to the position (B) present a clear and concise description of the relevant knowledge, skills, abilities and experience necessary for the position, (C) present a recommendation as to appropriate compensation, if any;

(ii) identify the type and number of Senior Executive Officers and other officer positions needed to manage

and supervise the affairs of the Insured Institution, detailing any vacancies and additional needs with appropriate consideration to the size and complexity of the Insured Institution, and recommend with respect to each such position an appropriate base salary level and bonus range, if any;

(iii) identify the type and number of staff positions needed to implement the plans, policies, procedures and processes required by this ORDER, detailing any vacancies and additional needs;

(iv) identify the authorities, responsibilities, and accountabilities attributable to each position, as well as the appropriateness of the authorities, responsibilities, and accountabilities, giving due consideration to the relevant knowledge, skills, abilities, and experience of the incumbent (if any) and the existing or proposed compensation;

(v) present a clear and concise description of the relevant knowledge, skills, abilities, and experience necessary for each position, including delegations of authority and performance objectives;

(vi) evaluate the current and past performance of all existing directors (including the chairman of the board), Senior Executive Officers and staff members of the Insured Institution, indicating whether the individuals are competent and qualified to perform present and anticipated duties, adhere to the Insured Institution's established plans, policies, procedures and processes, and operate the Insured

Institution in a safe and sound manner;

(vii) recommend a plan to recruit and retain qualified directors (including the chairman of the board), Senior Executive Officers and personnel consistent with the independent third party's analysis and assessment of the Insured Institution's management and staffing needs;

(viii) recommend any additional training and development needs of the Insured Institution not specifically identified and required by this ORDER, as well as a plan to provide such training and development to the appropriate personnel; and

(ix) recommend procedures to periodically review and update the Management Plan required by paragraph (c) below and assess the performance of each Senior Executive Officer and staff member.

(b) The Board shall provide the Regional Director with a copy of the proposed engagement letter or contract with the third party for review before it is executed. The contract or engagement letter shall, at a minimum, include:

(i) a description of the work to be performed under the contract or engagement letter, the fees for each significant element of the engagement, and the aggregate fee;

(ii) the responsibilities of the firm or individual;

(iii) identification of the professional

standards covering the work to be performed;

(iv) identification of the specific procedures to be used when carrying out the work to be performed;

(v) the qualifications of the employee(s) of the independent third party who are to perform the work;

(vi) the time frame for completion of the work;

(vii) any restrictions on the use of the reported findings;

(viii) a provision for unrestricted access to workpapers of the third party by the FDIC; and

(ix) a certification that the third party firm or individual is not affiliated in any manner with or a current or former employee of the Insured Institution or any of its Executive Officers or directors (current or former).

(c) Within 30 days of receipt of the Management Report, the Board will develop a written plan of action (the "Management Plan") in response to each recommendation contained in the Management Report and a time frame for completing each action. A copy of the Management Plan and any subsequent modification thereto shall be submitted to the Regional Director for review and comment. Within 30 days from receipt of any comment, and after consideration of such comment, the Board shall approve the Management Plan which approval shall be recorded in the minutes of the Board meeting in which it is approved.

Thereafter, the Insured Institution and its directors, officers

and employees shall implement and follow the Management Plan and any modifications thereto. It shall remain the responsibility of the Board to fully implement the Management Plan within the specified time frames. In the event the Management Plan, or any portion thereof, is not implemented, the Board shall immediately advise the Regional Director in writing of the specific reasons for deviating from the Management Plan. The Regional Director must approve any such deviation.

(d) While this ORDER is in effect, the Board shall provide written notification to the Regional Director of the resignations or terminations of any of its Senior Executive Officers or Board members within fifteen days of the event. The Insured Institution shall also establish procedures to ensure compliance with section 32 of the Federal Deposit Insurance Act, 12 U.S.C. § 1831i, and Subpart F of Part 303 of the FDIC's Rules and Regulations, 12 C.F.R. Part 303. In addition, the Board shall provide written notification to the Regional Director of any proposed new Senior Executive Officer or Board member at least 30 days prior to the date such proposed officer or Board member is to begin service; such notification shall include a description of the background and experience of the proposed officer or Board member. Such changes will only be effective upon receipt of the Regional Director's approval.

CORPORATE GOVERNANCE REVIEW

2. (a) Within 120 days of the effective date of this ORDER, a qualified law firm acceptable to the Regional Director, engaged by the Insured Institution, shall complete a comprehensive review of the Insured Institution's corporate governance process, including an investigation into the issues raised in the August 12, 2006, August 15, 2007 and August 21, 2006 Memoranda from former Director Cornacchia to the Board and review of the Insured Institution's compliance with the operational, corporate governance and reporting requirements imposed upon a publicly traded company, including, but not limited to, the requirements of the Sarbanes-Oxley Act of 2002, ("Corporate Governance Review") from December 22, 2005 through the effective date of this ORDER. The independent third party shall prepare and submit a written report of its findings (the "CG Review Report") simultaneously to the Board and the Regional Director upon completion of the Corporate Governance Review.

(b) Within 30 days of receipt of the CG Review Report, the Board shall appropriately establish, amend or enhance its policies, procedures and processes to implement any recommendations made in the CG Review Report and address any concerns or deficiencies noted in the CG Review Report.

(c) Within 45 days of receipt of the CG Review Report, the Board shall provide a written response to the CG Review Report to the Regional Director outlining the steps it has

taken to implement the recommendations made in the CG Review Report and to address any concerns or deficiencies noted in the CG Review Report. If the Board fails to implement any of the CG Review Report's recommendations or address any concerns or deficiencies noted in the CG Review Report, it shall provide to the Regional Director in its response a comprehensive explanation of its rationale for not implementing such recommendations or addressing any such concerns or deficiencies.

PARTICIPATION

3. Immediately upon the effective date of this ORDER, the Board shall increase its participation in the affairs of the Insured Institution, which shall specifically include meeting no less frequently than monthly. The Board shall establish specific procedures designed to ensure that it is fully informed of all matters regarding the management, operation, and financial condition of the Insured Institution at regular intervals and in a consistent format. The Board shall prepare in advance and shall follow a detailed written agenda during each meeting, during which, at a minimum, the following matters shall be reviewed and approved: reports of income and expenses; loan reports, including new, overdue, renewed, extended, restructured, insider, non-accrual, charged-off, and recovered loans; investment activity; asset/liability and funds management reports; operating policies; training reports, personnel actions;

audit and supervisory reports; and the minutes summarizing individual committee meetings and actions. Participation shall also require the assumption of full responsibility for the approval of significant new and/or enhanced policies, plans and programs including those specifically required by this ORDER and the Safety and Soundness Report of Examination ("S&S ROE") dated December 18, 2006, the IT Report of Examination ("IT ROE") incorporated therein, and the Compliance Report of Examination ("Compliance ROE") dated February 20, 2007, along with any other policies, procedures and processes necessary to operate the Insured Institution in a safe and sound manner. Board minutes shall be detailed, maintained and recorded on a timely basis and shall document reviews and any related actions, including the names of any dissenting directors. Nothing in this paragraph shall preclude the Board from considering matters other than those contained in the agenda.

REVIEW OF FEES & PAYMENTS

4. (a) Within 90 days of the effective date of this ORDER, the Board shall engage a qualified independent consultant acceptable to the Regional Director to review the appropriateness of all fee and/or expense payment arrangements the Insured Institution has or had with its directors, Senior Executive Officers, organizers, advisory board members and any of their related interests ("Insiders"). This review shall address issues

raised in the S&S ROE with respect to fees and payments made by the Insured Institution to Insiders. The engagement shall require that this analysis and assessment shall be summarized in a written report to the Board ("Expense Report"), with a copy simultaneously delivered to the Regional Director for review and comment.

(b) Within 30 days of receipt of any comments from the Regional Director and after consideration of all such comments, the Board shall develop a plan to address the comments of the Regional Director and to seek reimbursement for any compensation, fees or expense payments determined to be inappropriate (the "Reimbursement Plan"). The Board shall implement and fully comply with the Reimbursement Plan after completion of the requirements of this paragraph.

STRATEGIC PLAN

5. (a) Within 120 days from the effective date of this ORDER, the Board shall formulate a comprehensive written business/strategic plan covering an operating period of at least three years for the Insured Institution ("Strategic Plan"). The Strategic Plan shall contain an assessment of the Insured Institution's current financial condition and market area along with a description of the operating assumptions that form the basis for major projected income and expense components of the assessment.

(b) The Strategic Plan shall include short term goals and operating plans to comply with the terms of this ORDER and correct all regulatory criticisms, intermediate goals and project plans, and long-range goals and project plans.

Additionally, the Strategic Plan shall, at a minimum, include:

(i) strategies for pricing policies and asset/liability management;

(ii) anticipated average maturity and average yield on loans and securities, average maturity and average cost of deposits, the level of earning assets as a percentage of total assets and the ratio of net interest income to average earning assets;

(iii) dollar volume of total loans, total investment securities and total deposits;

(iv) plans for sustaining adequate liquidity, including back-up lines of credit to meet any unanticipated deposit withdrawals;

(v) financial goals including pro forma statements for asset growth, capital adequacy and earnings; and

(vi) formulation of a mission statement and the development of a strategy to carry out that mission.

(c) The Board shall submit the Strategic Plan to the Regional Director for review and comment. Within 30 days from receipt of any comment from the Regional Director and after due consideration of any recommended changes, the Board shall

approve the Strategic Plan, which approval shall be recorded in the minutes of the Board meeting in which it is approved.

(d) The Board shall implement and fully comply with the Strategic Plan after completion of the requirements of subparagraph (c) above.

(e) Within 15 days from the end of each calendar quarter following the effective date of this ORDER, the Board shall evaluate the Insured Institution's performance in relation to the Strategic Plan and record the results of the evaluation, and any actions taken by the Insured Institution, in the minutes of the Board meeting during which such evaluation is undertaken. In the event the Board determines that the Strategic Plan should be revised in any manner, the Strategic Plan shall be revised and submitted to the Regional Director for review and comment within 15 days after such revisions have been approved by the Board. Within 30 days of receipt of any comments from the Regional Director, and after consideration of all such comments, the Insured Institution shall approve the revised Strategic Plan, which approval shall be recorded in the minutes of the Board meeting in which it is approved.

(f) The Board shall implement and fully comply with the revised Strategic Plan after completion of the requirements of this paragraph 5.

PROFIT AND BUDGET PLAN

6. (a) Within 60 days from the effective date of this ORDER, and within the first 30 days of each calendar year thereafter, the Board shall develop and fully implement a written profit plan (the "Profit Plan") consisting of goals and strategies, consistent with sound banking practices, and taking into account the Insured Institution's other written plans, policies, or other actions required by this Order.

(b) The Profit Plan should not include any areas representing a material change in the business plan and which have not been submitted to the Regional Director 60 days prior to consummation of the change but shall, at a minimum, include:

(i) identification of the major areas in and means by which the Board will seek to improve the Insured Institution's operating performance;

(ii) specific goals to improve the net interest margin, increase interest income, reduce discretionary expenses, and improve and sustain earnings, as well as maintain adequate provisions to the allowance for loan and lease losses ("ALLL");

(iii) realistic and comprehensive budgets for all categories of income and expense items;

(iv) a description of the operating assumptions that form the basis for, and adequately support, material projected revenue and expense components;

(v) coordination of the Insured

Institution's loan, investment, funds management, and operating policies; strategic plan; and ALLL methodology with the profit and budget planning;

(vi) a budget review process to monitor the revenue and expenses of the Insured Institution whereby actual performance is compared against budgetary projections not less than monthly; recording the results of the evaluation and any actions taken by the Insured Institution in the minutes of the Board meeting at which such evaluation is undertaken; and

(vii) individual(s) responsible for implementing each of the goals and strategies of the Profit Plan.

(c) The Board shall submit the Profit Plan to the Regional Director for review and comment. Within 30 days from receipt of any comment from the Regional Director and after due consideration of any recommended changes, the Board shall approve the Profit Plan, which approval shall be recorded in the minutes of the Board meeting in which it is approved.

(d) Within 15 days from the end of each calendar month following the effective date of this ORDER, the Board shall evaluate the Insured Institution's performance in relation to the Profit Plan and record the results of the evaluation, and any actions taken by the Insured Institution, in the minutes of the Board meeting during which such evaluation is undertaken. In the event the Board determines that the Profit Plan should be revised in any manner, the Profit Plan shall be revised and submitted to

the Regional Director for review and comment within 25 days after such revisions have been approved by the Board. Within 30 days of receipt of any comments from the Regional Director, and after consideration of all such comments, the Board shall approve the revised Profit Plan, which approval shall be recorded in the minutes of the Board meeting in which it is approved.

(e) The Board shall implement and fully comply with the revised Profit Plan after completion of the requirements of this paragraph 6.

CORRECTION OF VIOLATIONS

7. Within 90 days from the effective date of this ORDER, the Board shall eliminate and/or correct all violations of law and/or regulations, as described in pages 29 through 33 of the S&S ROE, dated December 18, 2006, and in pages 8 through 17 of the Compliance ROE, dated February 20, 2007. In addition, the Board shall take all steps necessary to ensure future compliance with all applicable Federal and State laws and regulations and FDIC, Interagency and FFIEC guidance and policy statements.

BANK SECRECY ACT POLICIES AND PROCEDURES

8. Within 60 days, the Board will implement the Bank Secrecy Act related policy and procedural recommendations contained in the S&S ROE dated December 18, 2006.

INFORMATION TECHNOLOGY

9. (a) Within 120 days of the effective date of this ORDER, the Board shall develop and implement an effective corporate information security policy to safe guard confidential customer information that meets the requirements of Appendix B to Part 364 of the FDIC's Rules and Regulations, 12 C.R.F. Part 364, Appendix B.

(b) Within 120 days of the effective date of this ORDER, the Board shall complete its Disaster Recovery/Business Continuity Plan ensuring that each element noted in the IT ROE is finalized and included in this Plan. Upon completion of its Disaster Recovery/Business Continuity Plan, the Insured Institution shall immediately execute a disaster recovery test and report the results of the test directly to the Board. The minutes of the next Board meeting following receipt of the test results shall reflect consideration of the results and describe any discussion or action taken as a result thereof.

COMPLIANCE MANAGEMENT SYSTEM

10. (a) Within 60 days from the effective date of this ORDER, and annually thereafter, the Board shall review the CMS for adequacy and, based upon this review shall make all appropriate revisions to the CMS necessary to ensure full

compliance with the CPS taking into account the Insured Institution's size, level and complexity of operations. The Insured Institution's CMS, shall, at a minimum, be enhanced to include provisions that:

(i) establish internal compliance monitoring policies, procedures and processes necessary to implement and ensure the adherence to the CMS by management and staff; and

(ii) ensure timely resolution of all issues appearing on the corrective action matrix compiled in accordance with the CMS.

(b) the Board shall submit the revised CMS to the Regional Director for review and comment. Within 30 days from receipt of any comment from the Regional Director and after due consideration of any recommended changes, the Insured Institution shall approve the revised CMS, with such approval recorded in the minutes of the Board meeting in which it is approved.

(c) the Insured Institution shall implement and fully comply with the revised CMS after completion of subparagraph (b) above.

AUTHORITY OF COMPLIANCE OFFICER

11. Within 60 days from the effective date of this ORDER, the Board shall ensure that the designated individual or individuals responsible for coordinating and monitoring day-to-day CPS compliance ("Compliance Officer"): (i) have sufficient

executive authority to access, monitor and ensure compliance with the CPS and the CMS throughout all areas of the Insured Institution; (ii) are responsible for enhancing the Insured Institution's CMS to ensure compliance with all CPS requirements; (iii) provide or coordinate the training required by paragraph 30 of this ORDER; (iv) review any new policies and procedures for CPS and CMS compliance prior to implementation; (v) assess emerging issues or potential liabilities; (vi) coordinate responses to consumer complaints; (vii) report compliance activities and audit/review findings directly to the Insured Institution's Board; and (viii) ensure corrective measures are taken when appropriate.

COMPLIANCE TRAINING

12. (a) Beginning on the effective date of the ORDER, the Board shall take all steps necessary, consistent with sound banking practices, to ensure that all appropriate personnel are aware of, and can comply with, the requirements of the CPS applicable to the individual's specific responsibilities to ensure the Insured Institution's compliance with the CPS and the CMS.

(b) Within 90 days from the effective date of this ORDER, the Board shall develop, adopt and implement effective training programs designed for directors, management and staff and their specific compliance responsibilities on all

relevant aspects of the CPS and the CMS ("Compliance Training Program"). This Compliance Training Program shall ensure that all appropriate personnel are aware of, and can comply with, CPS requirements on an ongoing basis. The Compliance Training Program shall, at a minimum, include:

(i) an overview of the CPS for new staff along with specific training designed for their specific duties and responsibilities upon hiring;

(ii) training on the Insured Institution's CMS along with new rules and requirements as they arise for appropriate personnel designed to address their specific duties and responsibilities;

(iii) a requirement that the Board fully document such training for each employee; and

(iv) a requirement that the Compliance Officer periodically assess each employee on their knowledge and comprehension of the training they have received and re-train and/or provide additional training as appropriate.

AUDIT PROGRAM

13. (a) Within 90 days from the effective date of this ORDER, the Board shall develop an internal audit program that establishes procedures to (i) protect the integrity of the Insured Institution's operational and accounting systems; (ii)

ensures BSA compliance; (iii) ensures CPS compliance; and (iv) addresses all IT functions identified as "critical" or "high" risk during the IT risk assessment process ("Audit Program"). The Audit Program shall, at a minimum, conform to the *Interagency Policy Statement on the Internal Audit Function and its Outsourcing* and provide procedures to test the validity and reliability of operating systems, procedural controls, and resulting records, shall include the areas recommended in the *Audit Booklet of the Federal Financial Institutions Examination Council's Information Technology Examination Handbook* dated August 2003 and shall require monthly reports of all audit findings with such reports being provided directly to the Board.

(b) The Board shall submit the Audit Program to the Regional Director for review and comment. Within 30 days from receipt of any comment from the Regional Director and after due consideration of any recommended changes, the Board shall approve the Audit Program, which approval shall be recorded in the minutes of the Board meeting in which it is approved.

(c) The Insured Institution shall implement and fully comply with the Audit Program after completion of the requirements of subparagraph (b).

(d) The minutes of Board meetings shall reflect consideration of the monthly audit reports provided to the Board in accordance with the Audit Program and describe any discussion or action taken as a result thereof.

COMPLIANCE COMMITTEE

14. Within 30 days from the effective date of this ORDER, the Board shall appoint a committee ("Compliance Committee") composed of at least three directors who are not now, and have never been, involved in the daily operations of the Insured Institution, and whose composition is acceptable to the Regional Director, to monitor the Insured Institution's compliance with this ORDER. Within 30 days from the effective date of this ORDER, and at monthly intervals thereafter, such Compliance Committee shall prepare and present to the Board a written report of its findings, detailing the form, content, and manner of any action taken to ensure compliance with this ORDER and the results thereof, and any recommendations with respect to such compliance. Such progress reports shall be included in the Board meeting minutes. Nothing contained herein shall diminish the responsibility of the entire Board to ensure compliance with the provisions of this ORDER.

PROGRESS REPORTS

15. By the 30th day after the end of the calendar quarter following the effective date of this ORDER, and by the 30th day after the end of every calendar quarter thereafter, the Board shall furnish written progress reports to the Regional Director detailing the form, content, and manner of any actions taken to secure compliance with this ORDER, and the results thereof.

SHAREHOLDERS

16. Following the effective date of this ORDER, the Board shall provide to shareholders, or otherwise furnish a description of this ORDER, (i) in conjunction with the Insured Institution's next shareholder communication, and (ii) in conjunction with its notice or proxy statement preceding the Insured Institution's next shareholder meeting. The description shall fully describe the ORDER in all material respects. The description and any accompanying communication, statement, or notice shall be sent to the FDIC, Division of Supervision and Consumer Protection, Accounting and Securities Disclosure Section, 550 17th Street, N.W., Room F-6066, Washington, D.C. 20429 for review at least 20 days prior to dissemination to shareholders. Any changes requested to be made by the FDIC shall be made prior to dissemination of the description, communication,

notice, or statement.

OTHER ACTIONS

17. It is expressly and clearly understood that if, at any time, the Regional Director shall deem it appropriate in fulfilling the responsibilities placed upon him or her under applicable law to undertake any further action affecting the Insured Institution, nothing in this ORDER shall in any way inhibit, estop, bar or otherwise prevent him or her from doing so, including, but not limited to, the imposition of civil money penalties.

18. It is expressly and clearly understood that nothing herein shall preclude any proceedings brought by the Regional Director to enforce the terms of this ORDER, and that nothing herein constitutes, nor shall the Insured Institution contend that it constitutes, a waiver of any right, power, or authority of any other representatives of the United States, departments or agencies thereof, Department of Justice or any other representatives of the State of New York or any other departments or agencies thereof, including any prosecutorial agency, to bring other actions deemed appropriate.

ORDER EFFECTIVE

19. The effective date of this ORDER shall be the date of issuance.

20. The provisions of this ORDER shall be binding upon the Insured Institution, its directors, officers, employees, agents, successors, assigns, and other institution-affiliated parties of the Insured Institution.

21. The provisions of this ORDER shall remain effective and enforceable except to the extent that, and until such time as, any provisions of this ORDER have been modified.

Pursuant to delegated authority.

Dated: October 22, 2007.

Doreen R. Eberley
Regional Director