

UNITED STATES OF AMERICA
DEPARTMENT OF THE TREASURY
COMPTROLLER OF THE CURRENCY

In the Matter of:)	
Alvin Lapidus)	
Chairman of the Board of Directors of)	AA-EC-12-37
)	
Hopkins Federal Savings Bank,)	
Baltimore, Maryland)	

CONSENT ORDER

WHEREAS, the Comptroller of the Currency of the United States of America (“Comptroller”) intends to initiate civil money penalty proceedings against Alvin Lapidus (“Respondent”), Chairman of the Board of Directors of Hopkins Federal Savings Bank (“Association”), pursuant to 12 U.S.C. § 1818(i) on the basis of Respondent’s activities at the Association in 2006, 2007, and 2008;

WHEREAS, in the interest of cooperation and to avoid the costs associated with future administrative and judicial proceedings with respect to the above matter, Respondent, without admitting or denying any wrongdoing, desires to enter into this Consent Order (“Order”) issued pursuant to 12 U.S.C. § 1818(i);

NOW, THEREFORE, in consideration of the above premises, it is stipulated by and between the Comptroller, through his duly authorized representative, and Respondent that:

Article I

JURISDICTION

(1) At all relevant times herein, the Association was a “savings association” within the meaning of 12 U.S.C. § 1813(b) and 12 U.S.C. § 1462(4). Accordingly, the Association was an “insured depository institution” as that term is defined in 12 U.S.C. § 1813(c)(2).

(2) Respondent was Chairman of the Association at all relevant times herein, and is deemed an “institution-affiliated party” of the Association, as that term is defined in 12 U.S.C. § 1813(u), having served in such capacity within six (6) years from the date hereof (*see* 12 U.S.C. § 1818(i)(3)).

(3) Pursuant to 12 U.S.C. § 1813(q), the Comptroller is the “appropriate Federal banking agency” to maintain an enforcement proceeding against institution-affiliated parties. Therefore, Respondent is subject to the authority of the Comptroller to initiate and maintain civil money penalty proceedings against him pursuant to 12 U.S.C. § 1818(i).

Article II

COMPTROLLER’S FINDINGS

The Comptroller finds, and Respondent neither admits nor denies, the following:

(1) Respondent, at all times pertinent to the events described herein, was the Chairman of the Association.

(2) In June 2005, the Association made a \$3.7 million secured loan to Carolina Investment, LLC (“Carolina Investment”).

(3) In January 2006, both Hopkins Bancorp, Inc. (“Holding Company”) (96.75% of which is owned by Respondent and his family members) and VEI Carney, LLC (a partnership owned by Respondent and his three daughters) acquired a financial interest in Carolina Investment.

(4) In January 2007, the Holding Company made a \$500,000 loan to Carolina Investment.

(5) On March 18, 2008, the Association’s loan committee and Board of Directors signed off on a loan presentation form and based upon this sign-off the Association modified its

loan to Carolina Investment on April 1, 2008. The modification provided for a re-advance of up to \$2.5 million. A special condition of the modification was the full repayment of the \$500,000 loan that the Holding Company made to Carolina Investment.

(6) The loan modification provided a tangible economic benefit to Respondent through the pay off of the Holding Company loan and the provision of additional funds to Carolina Investment, in which Respondent held an investment.

(7) Respondent's investment in Carolina Investment was not disclosed in internal bank records, to the Office of Thrift Supervision, or to the Board: (i) at the time the Board was making a decision on whether to re-fund the Carolina Investment, or (ii) at the time the Board was making the decision to keep the same risk rating for the loan.

(8) Accordingly, Respondent engaged in violations of law including:

- a. 12 C.F.R. § 563.41 (regarding transactions with affiliates);
- b. 12 C.F.R. § 163.200(b) (regarding conflicts of interest);
- c. 12 C.F.R. § 215.4(a)(1)(ii) (regarding the creditworthiness requirements of the extensions of credit to insiders);
- d. 12 C.F.R. § 215.8 (regarding the record keeping requirements of the extensions of credit to insiders).

Article III

ORDER FOR CIVIL MONEY PENALTY

(1) Respondent hereby consents to the payment of a civil money penalty in the amount of twenty thousand dollars (\$20,000), which shall be paid upon execution of this Order.

(2) Respondent shall make payment in full by certified check or money order made payable to the Treasurer of the United States and shall deliver the payment to: Comptroller of

the Currency, P.O. Box 979012, St. Louis, Missouri 63197-9000. The docket number of this case shall be entered on all checks. Respondent shall send a copy of the check to the Director, Enforcement and Compliance Division, 250 E St., SW, Washington, DC 20219.

(3) This Order shall be enforceable to the same extent and in the same manner as an effective and outstanding order that has been issued and has become final pursuant to 12 U.S.C. § 1818.

Article IV

BANKRUPTCY

(1) If Respondent files for bankruptcy protection, Respondent shall notify the Enforcement Director within ten (10) days of the filing and shall provide a copy of the filing to the Enforcement Director.

(2) In any bankruptcy proceeding in which it is or may be contended that Respondent's obligation to pay a civil money penalty pursuant to this Order is subject to discharge, Respondent will in no manner contest the assertion of the Comptroller or any agent, officer or representative of the United States, pursuant to 11 U.S.C. § 523(a) or otherwise, that the civil money penalty obligation in the Order arises out of acts which result in claims not dischargeable in bankruptcy.

Article V

WAIVERS

- (1) By executing this Order, Respondent waives:
- (a) the right to the issuance of a Notice of Charges under 12 U.S.C. § 1818;
 - (b) all rights to a hearing and a final agency decision pursuant to 12 U.S.C. § 1818 and 12 C.F.R. Part 109;

- (c) all rights to seek judicial review of this Order;
- (d) all rights in any way to contest the validity of this Order; and
- (e) any and all claims for fees, costs or expenses against the Comptroller, or any of his agents or employees, related in any way to this enforcement matter or this Order, whether arising under common law or under the terms of any statute, including, but not limited to, the Equal Access to Justice Act, 5 U.S.C. § 504 and 28 U.S.C. § 2412.

(2) Respondent shall not cause, participate in or authorize the Bank (or any subsidiary or affiliate thereof) to incur, directly or indirectly, any expense for any legal (or other professional) expense relative to the negotiation and issuance of this Order except as permitted by 12 C.F.R. § 145.121 and Part 359; and Respondent shall not, directly or indirectly, obtain or accept any indemnification (or other reimbursement) from the Bank (or any subsidiary or affiliate thereof) with respect to such amounts except as permitted by 12 C.F.R. § 145.121 and Part 359.

(3) Any failure by Respondent to comply with this Order shall be subject to enforcement for the longer of (a) the period allowed by the applicable statute of limitations, or (b) five (5) years following the failure to comply.

(4) Respondent has read and understands the premises and obligations of this Order and declares that no separate promise or inducement of any kind has been made by the Comptroller, his agents or employees to cause or induce Respondent to agree to consent to the issuance of this Order and/or to execute this Order.

(5) This Order constitutes a settlement of the civil money penalty proceedings contemplated by the Comptroller and arising out of the specific acts, omissions, or violations

described in Article II of this Order. However, the specific acts, omissions or violations described in Article II of this Order may be used by the Comptroller in future enforcement actions to establish a pattern or practice of misconduct or the continuation of a pattern or practice of misconduct.

(6) The provisions of this Order shall not be construed as an adjudication on the merits and, except as set forth above in paragraph (5), shall not inhibit, estop, bar, or otherwise prevent the Comptroller from taking any action affecting Respondent if, at any time, he deems it appropriate to do so to fulfill the responsibilities placed upon him by the several laws of the United States of America.

(7) Respondent understands that nothing herein shall preclude any proceedings brought by the Comptroller to enforce the terms of this Order, and that nothing herein constitutes, nor shall Respondent contend that it constitutes, a waiver of any right, power, or authority of any other representatives of the United States or agencies thereof to bring other actions deemed appropriate.

IN TESTIMONY WHEREOF, the undersigned have hereunto set their hands.

/s/Henry Fleming

Henry Fleming
Director for Special Supervision
Office of the Comptroller of the Currency

5/18/12

Date

/s/Alvin Lapidus

Alvin Lapidus

5/8/12

Date