

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

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In the Matter of:)	
Douglas Cestone)	
)	AA-EC-2013-49
Former Director)	
)	
Fort Lee Federal Savings Bank, FSB)	
Fort Lee, New Jersey)	
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CONSENT ORDER

WHEREAS, the Comptroller of the Currency of the United States of America (“Comptroller”) intends to initiate civil money penalty proceedings against Douglas Cestone (“Respondent”) pursuant to 12 U.S.C. § 1818(i) on the basis of Respondent’s actions while employed as a Director of Fort Lee Federal Savings Bank, FSB, Fort Lee, New Jersey (“Bank”); and

WHEREAS, in the interest of cooperation and to avoid the costs associated with future administrative and judicial proceedings with respect to this 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:

Initials: DJC
Date: 3/10/14

Article I

JURISDICTION

(1) The Bank is a former Federal savings association within the meaning of 12 U.S.C. § 1813(b)(2) and 12 U.S.C. § 1462(3). Accordingly, the Bank is an “insured depository institution” as that term is defined in 12 U.S.C. § 1813(c)(2).

(2) Respondent is a former Director of the Bank and is an “institution-affiliated party” of the Bank 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) From 2008 through 2012, Respondent served as a Director of the Bank.
- (2) From 2008 through 2011, Respondent failed to exercise proper oversight over Bank officers, directors, and employees, who used Bank funds to pay for personal and excessive expenses, including expenses incurred after the Bank accepted Troubled Asset Relief Program (“TARP”) funds in May 2009, the Board adopted an excessive and

luxury expenditure policy in August 2009, and the Office of Thrift Supervision (“OTS”) issued an order to cease and desist against the Bank on October 6, 2010.

(3) Respondent, a member of the Bank’s Compensation Committee, failed to exercise proper oversight over Bank officers and employees, who received unauthorized and unjustified salaries, bonuses, and benefits.

(4) Respondent failed to ensure that the Bank promptly and properly responded to requirements imposed by the Office of the Comptroller of the Currency (“OCC”) regarding, among other things, document productions, charge offs, and Allowance for Loan and Lease Losses (“ALLL”) reconciliations. Respondent personally did not comply with the OCC’s initial requests for information regarding expenditures.

(5) Respondent failed to ensure that the Bank filed materially accurate regulatory reports, even though the Bank received criticism as early as April 2010 that it failed to comply with Generally Accepted Accounting Principles (“GAAP”).

(6) By reason of the foregoing conduct, Respondent caused, brought about, participated in, counseled, or aided or abetted the Bank’s violations of law, regulation, and the OTS’s order to cease and desist. Respondent also recklessly engaged in unsafe or unsound banking practices and breached his fiduciary duty to the Bank. Respondent’s actions caused more than a minimal loss to the Bank and were part of a pattern of misconduct.

Article III

ORDER FOR CIVIL MONEY PENALTY

Respondent consents to, and it is ORDERED that:

(1) Respondent shall pay a civil money penalty in the amount of three thousand dollars (\$3,000.00), which shall be paid in full upon execution of this Order.

(2) Respondent shall make payment by cashier's 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, MO 63197-9000. The docket number of this case (AA-EC-2013-49) shall be entered on the submitted payment, and a copy of the check or money order shall be returned to the OCC along with this original signed Order to the Director, Enforcement and Compliance Division, Office of the Comptroller of the Currency, 400 7th Street, 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

CLOSING

- (1) By executing this Order, Respondent waives:
- (a) the right to a Notice of Assessment of a Civil Money Penalty 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 the payment of the civil money penalty under this Order, or 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. In addition, 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) Respondent acknowledges that he 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, or 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.

(4) This Order constitutes a settlement of any proceedings arising out of the facts, omissions, or violations described in the Comptroller's Findings (Article II of this

Order). The Comptroller agrees not to institute proceedings for the specific acts, omissions, or violations referenced in the first whereas clause, hereof, unless such acts, omissions, or violations reoccur. However, the specific acts, omissions, or violations described in Article II may be used by the Comptroller in future enforcement actions to establish a pattern of misconduct or the continuation of a pattern of misconduct.

(5) This Order shall not be construed as an adjudication on the merits and, except as set forth above in paragraph (4), 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.

(6) Nothing herein shall preclude any proceedings brought by the Comptroller to enforce the terms of this Order, and 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, including the Department of Justice, to bring other actions deemed appropriate.

(7) This Order is intended to be, and shall be construed to be, a final order issued pursuant to 12 U.S.C. § 1818, and expressly does not form, and may not be construed to form, a contract binding the Comptroller or the United States. Respondent expressly acknowledges that no officer or employee of the Comptroller has statutory or other authority to bind the United States, the United States Treasury Department, the Comptroller, or any other federal bank regulatory agency or entity, or any officer or

employee of those entities, to a contract affecting the Comptroller's exercise of his supervisory responsibilities.

(8) This Order is "issued with the consent of . . . the institution-affiliated party concerned," pursuant to 12 U.S.C. § 1818(h)(2).

(9) The terms of this Order, including this paragraph, are not subject to amendment or modification by any extraneous expression, prior agreements, or prior arrangements between the parties, whether oral or written.

(10) The provisions of this Order are effective upon issuance by the Comptroller through his authorized representative whose hand appears below, and shall remain effective and enforceable.

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

/s/ Douglas J. Cestone
Douglas Cestone

3/10/14
Date

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

3/26/14
Date