

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

In the Matter of:)	
)	
Haralambos S. Kostakopoulos)	AA-EC-2013-47
Former President, Chief Executive Officer, and Director)	
)	
Yasemin K. Kostakopoulos)	AA-EC-2013-48
Former Chief Administrative Officer, Chairwoman, and)	
Director)	
)	
Fort Lee Federal Savings Bank, FSB)	
Fort Lee, New Jersey)	

**NOTICE OF CHARGES FOR PROHIBITION AND RESTITUTION
NOTICE OF ASSESSMENT OF A CIVIL MONEY PENALTY**

Take notice that on a date as determined by the Administrative Law Judge, a hearing will commence in New York, New York, pursuant to 12 U.S.C. § 1818(b), (e), and (i) concerning the charges set forth herein to determine whether Orders should be issued against Haralambos S. Kostakopoulos, former President, Chief Executive Officer, and Director, and Yasemin K. Kostakopoulos, former Chief Administrative Officer, Chairwoman, and Director (collectively “Respondents”), of Fort Lee Federal Savings Bank, FSB, in Fort Lee, New Jersey (“Bank”), by the Comptroller of the Currency of the United States of America (“Comptroller” or “OCC”), prohibiting each of the Respondents from participating in any manner in the conduct of the affairs of any federally insured depository institution or any other institution, credit union, agency, or entity referred to in 12 U.S.C. § 1818(e), and requiring Respondents to make restitution and pay civil money penalties.

The OCC intends to order Respondents to reimburse the Federal Deposit Insurance Fund for losses in the amount of at least one hundred eighty-five thousand nine hundred seventy-nine dollars and seventy-five cents (\$185,979.75), pursuant to 12 U.S.C. § 1818(b)(6), for which Respondents will be jointly and severally liable. Moreover, after taking into account the financial resources, any good faith of Respondents, the gravity of the violations, the history of previous violations, and such other matters as justice may require, as required by 12 U.S.C. § 1818(i)(2)(G), and after soliciting and giving full consideration to Respondents' views, the Comptroller hereby assesses civil money penalties in the amount of one hundred twenty-five thousand dollars (\$125,000.00) against each of the Respondents, pursuant to the provisions of 12 U.S.C. § 1818(i). These penalties are payable to the Treasurer of the United States.

The hearing afforded Respondents shall be open to the public unless the Comptroller, in his discretion, determines that holding an open hearing would be contrary to the public interest.

In support of this Notice of Charges for Prohibition and Restitution and Notice of Assessment of a Civil Money Penalty ("Notice"), the Comptroller charges the following:

Article I

JURISDICTION

At all times relevant to the charges set forth below:

- (1) The Bank was a Federal savings association within the meaning of 12 U.S.C. § 1813(b)(2) and 12 U.S.C. § 1462(3).
- (2) The Bank was an "insured depository institution" as defined in 12 U.S.C. § 1813(c)(2) and within the meaning of 12 U.S.C. § 1818(i)(2).

(3) The OCC is the “appropriate Federal banking agency” within the meaning of 12 U.S.C. § 1813(q)(1) and for purposes of 12 U.S.C. § 1818(b), (e), and (i) to initiate and maintain enforcement proceedings against an institution-affiliated party.

(4) Respondent Haralambos Kostakopoulos is a former President, Chief Executive Officer, and 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)).

(5) Respondent Yasemin Kostakopoulos is a former Chief Administrative Officer, Chairwoman, and 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)).

(6) Respondents are subject to the authority of the Comptroller to initiate and maintain prohibition, restitution, and civil money penalty proceedings against them pursuant to 12 U.S.C. § 1818(b), (e), and (i).

Article II

BACKGROUND

A. Overview of Respondents’ Duties and Responsibilities

(7) Respondent Haralambos Kostakopoulos served as President, Chief Executive Officer, and Director of the Bank from the Bank’s opening in March 2001 through its closing in April 2012.

(8) Respondent Yasemin Kostakopoulos is the spouse of Respondent Haralambos Kostakopoulos. Respondent Yasemin Kostakopoulos served as a Director of the Bank

throughout the Bank's existence, including as Chairwoman from approximately March 2001 through June 2011. Respondent Yasemin Kostakopoulos also served as Chief Administrative Officer, purportedly in charge of, among other areas, human resources, marketing, and strategic planning.

(9) As directors and executive officers of the Bank, Respondents were obligated to comply with all applicable laws and regulations, ensure an effective system of internal controls, and to otherwise carry out their duties and responsibilities in a safe and sound manner.

(10) As directors and officers of the Bank, Respondents knew they were obligated to comply with all applicable laws and regulations, ensure an effective system of internal controls, and to otherwise carry out their duties and responsibilities in a safe and sound manner.

(11) As directors and executive officers of the Bank, Respondents owed fiduciary duties of care and loyalty to the Bank.

(a) The fiduciary duty of care required that Respondents act in good faith, with the care an ordinarily prudent person in a like position would exercise under similar circumstances, and in a manner reasonably believed to be in the best interests of the Bank; and ensure the Bank's compliance with banking laws and regulations.

(b) The fiduciary duty of loyalty required that Respondents disclose material information to the Bank's Board of Directors ("Board") and refrain from engaging in self-dealing at the expense of the Bank.

(12) As directors and executive officers of the Bank, Respondents knew they owed fiduciary duties of care and loyalty to the Bank.

B. Overview of Supervisory History

(13) As of March 31, 2009, the Bank's assets totaled approximately \$60.4 million. By March 31, 2012, the Bank's assets totaled approximately \$48.9 million.

(14) In May 2009, the Bank received \$1.3 million from the Troubled Asset Relief Program ("TARP").

(15) The Office of Thrift Supervision ("OTS") began separate examinations of the Bank on December 15, 2009; January 3, 2011; and April 4, 2011.

(a) In its Reports of Examination ("ROEs"), the OTS criticized Respondents' use of Bank funds and deficiencies in the Bank's internal controls, including its recordkeeping and accounting function.

(b) The OTS found that "The Bank's affairs are dominated by CEO and President Haralambos S. Kostakopoulos and Chairwoman Yasemin K. Kostakopoulos. The Chairman and CEO have not demonstrated the ability to operate the Bank in a safe and sound manner and in compliance with laws and regulations and the [cease and desist order]."

(c) In October 2010, the OTS issued a cease and desist order against the Bank ("OTS Order"), requiring the Bank to review or address deficiencies with regard to, among other areas, expenses and internal controls.

(d) In March 2011 and May 2011, the OTS issued Supervisory Directives to the Bank regarding continued deficiencies in the Bank's accounting function and expenses, respectively.

(16) In July 2011, pursuant to Title III of the Dodd-Frank Wall Street Reform and Consumer Protection Act (“Dodd-Frank Act”), Pub. L. No. 111-203, section 312, 124 Stat. 1376, 1521-23 (2010) (*codified at* 12 U.S.C. § 5412(b)(2)(B)(i)), all functions of the OTS relating to Federal savings associations (including the Bank) were transferred to the OCC. As a result, on July 21, 2011, the OCC assumed responsibility for the ongoing examination, supervision, and regulation of the Bank.

(17) On August 9, 2011, the OCC issued an interim final rule, republishing those OTS regulations the OCC has the authority to promulgate and enforce. The OCC republished these regulations with OCC part numbers that correspond to the former OTS rules, specifically, by changing the “5” to a “1”.

(18) On November 14, 2011 and March 5, 2012, the OCC began examinations of the Bank. In its ROE discussing the results of the examinations, the OCC identified unsafe or unsound practices attributed to one of or both Respondents related to, among other areas, accounting, recordkeeping, and expenses.

(19) The Bank was placed into receivership on April 20, 2012.

Article III

**RESPONDENTS’ EXPENSE PRACTICES WERE
RECKLESSLY UNSAFE OR UNSOUND,
IN VIOLATION OF LAW AND REGULATION,
IN VIOLATION OF THE OTS ORDER, AND
IN BREACH OF THEIR FIDUCIARY DUTIES TO THE BANK**

(20) This Article repeats and realleges all previous Articles in this Notice.

(21) As described herein, Respondents' expense practices were recklessly unsafe or unsound, in violation of law and regulation, in violation of the OTS Order, and in breach of their fiduciary duties to the Bank.

(22) Respondents were responsible for oversight of practices related to expenses and reimbursements.

(23) Prior to August 2009, the Bank did not have a written policy regarding expenses and reimbursements.

(24) Pursuant to 12 U.S.C. § 5221(d) and 31 C.F.R. § 30.12, because the Bank was a recipient of TARP funds, the Bank's Board was required to establish a Bank-wide policy regarding excessive or luxury expenditures.

(25) In August 2009, in an attempt to comply with 12 U.S.C. § 5221(d) and 31 C.F.R. § 30.12, the Bank's Board approved an excessive and luxury expenditure policy.

(26) The excessive and luxury expenditure policy provided that the Bank "prohibits excessive or luxury expenditures on entertainment and events, office or facility renovations, aviation, or other transportation services or other activities or events that are not reasonable expenditures for conferences, staff development, reasonable performance incentives or other similar measure [*sic*] conducted in the normal course of business operations."

(27) The term "excessive and luxury expenditures" included expenses that were not related to Bank business or were outside the normal course of business.

(28) The OTS Order required the Bank to review its excessive and luxury expenditure policy to ensure it complied with applicable law and regulation.

(29) On May 20, 2011, the OTS issued a supervisory directive to the Board (“OTS Supervisory Directive”), requiring the Bank to take a variety of actions pertaining to the payment of expenses.

A. Respondents’ Misuse of Corporate Credit Cards

(30) The Bank provided corporate credit cards to Respondents.

(31) The Bank required that Respondents use the corporate credit cards for business-related expenses only.

(32) The Bank required that only Respondents use the corporate credit cards issued to them.

(33) The Bank required that Respondents submit receipts for expenses incurred on the corporate credit cards.

(34) Contrary to prudent banking practices and, after August 18, 2009, the excessive and luxury expenditure policy, Respondents used the corporate credit cards for personal expenses. Such personal expenses included charges for:

- (a) Purchases at liquor stores;
- (b) Purchases at beauty shops and hair salons;
- (c) Purchases for the benefit of Respondents’ children, including purchases toward college admission testing, a university bookstore, a train ticket, and mobile phone usage;
- (d) Purchases at retailers such as Bloomingdales, Macy’s, and the Reebok NHL store;

- (e) Medical and other health-related expenses, such as purchases at a vitamin shop, optometrist, and the Traditional Chinese Medicine World Foundation;
- (f) Electronics;
- (g) Groceries; and
- (h) Pet products and animal healthcare.

(35) Contrary to prudent banking practices and, after August 18, 2009, the excessive and luxury expenditure policy, Respondents caused the Bank to pay credit card overlimit fees incurred by Respondents.

(36) Contrary to prudent banking practices and, after August 18, 2009, the excessive and luxury expenditure policy, Respondents authorized payment of their own corporate credit card expenses.

- (a) Respondent Haralambos Kostakopoulos reviewed the corporate credit card charges on the monthly credit card statements and designated some as personal, thereby indicating that he and Respondent Yasemin Kostakopoulos would repay the Bank for those charges.
- (b) Respondent Haralambos Kostakopoulos designated some charges as business related and therefore appropriate for the Bank to pay.
- (c) Prior to approximately May 2011, other than Respondents, Bank officers and directors did not review Respondents' corporate credit card statements.

(37) Contrary to prudent banking practices and, after August 18, 2009, the excessive and luxury expenditure policy, Respondents failed to adequately demonstrate that expenses

incurred on their corporate credit cards were related to Bank business, but nevertheless directed the Bank to pay for the expenses. Such expenses included charges for:

- (a) International travel;
- (b) Jewelry or silverwear;
- (c) Restaurants and food on weekends or holidays, including Valentine's Day and federal holidays when the Bank was closed; in Connecticut; or near Respondents' New York residence;
- (d) Movie tickets;
- (e) Cable television bills for a "home office";
- (f) International calling services;
- (g) Museum fees;
- (h) Formal wear; and
- (i) New York metrocards and taxi fares in New York, including on Sundays and holidays.

(38) Contrary to prudent banking practices, in at least one instance, Respondent Haralambos Kostakopoulos's explanation for a purportedly business-related expense was patently false.

- (a) On May 7, 2008, Respondent Haralambos Kostakopoulos charged expenses at a restaurant in New Jersey to his corporate credit card.
- (b) On the corresponding credit card statement, Respondent Haralambos Kostakopoulos indicated that the expense was related to Bank business, writing

next to the charge at the restaurant “lunch with Murray Slimowitz & Mrs. K,” *i.e.*, Respondent Yasemin Kostakopoulos.

(c) The same credit card statement, which includes Respondent Yasemin Kostakopoulos’s credit card activity, demonstrates that Respondent Yasemin Kostakopoulos was in Turkey on May 7, 2008, not at a business-related lunch in New Jersey.

(39) The Bank paid the monthly balances accrued on Respondents’ corporate credit cards, regardless of whether the balances included charges incurred by Respondents for personal expenses.

(40) The Bank’s payment of the personal expenses charged by Respondents to their corporate credit cards was contrary to prudent banking practices and, after August 18, 2009, the excessive and luxury expenditure policy.

(41) Contrary to prudent banking practices, Respondents failed to adequately repay the Bank for expenses they themselves deemed personal.

(a) Respondents failed to reimburse the Bank for all personal expenses.

(b) Respondents failed to repay the Bank for all personal expenses in a timely manner.

(c) Respondents failed to accurately date checks for repayment.

(42) Contrary to prudent banking practices and, after August 18, 2009, the excessive and luxury expenditure policy, Respondents allowed third parties, including at least one of their children, to use the corporate credit card for personal expenses. Respondents did not reveal to the Bank’s outside directors that third parties, including at least one of their children, were

using the card, and Respondents misrepresented the charges as incurred by Respondent Yasemin Kostakopoulos herself. Among such charges:

- (a) On September 16, 2009, while Respondent Yasemin Kostakopoulos was in Turkey, a charge was made to Respondent Yasemin Kostakopoulos's corporate credit card at Drug Mart in New York. Respondent Haralambos Kostakopoulos designated this charge as personal.
- (b) On September 23, 2009, while Respondent Yasemin Kostakopoulos was in Turkey, a charge was made to Respondent Yasemin Kostakopoulos's corporate credit card at Drug Mart in New York. Respondent Haralambos Kostakopoulos designated this charge as personal.
- (c) On January 22, 2010, while Respondent Yasemin Kostakopoulos was in Turkey, a charge was made to Respondent Yasemin Kostakopoulos's corporate credit card at Bagel Bob's on York in New York. Respondent Haralambos Kostakopoulos designated this charge as personal.
- (d) On January 25, 2010, while Respondent Yasemin Kostakopoulos was in Turkey, a charge was made to Respondent Yasemin Kostakopoulos's corporate credit card at Pintaile's Pizza in New York. Respondent Haralambos Kostakopoulos authorized use of Bank funds for this expense, designating the charge as related to Bank business.
- (e) On January 26, 2010, while Respondent Yasemin Kostakopoulos was in Turkey, two charges were made to Respondent Yasemin Kostakopoulos's

corporate credit card at Yorkshire Wines in New York. Respondent Haralambos Kostakopoulos designated these charges as personal.

(f) On January 29, 2010, while Respondent Yasemin Kostakopoulos was in Turkey, two charges were made to Respondent Yasemin Kostakopoulos's corporate credit card at Yorkshire Wines in New York. Respondent Haralambos Kostakopoulos designated these charges as personal.

(g) On February 2, 2010, while Respondent Yasemin Kostakopoulos was in Turkey, a charge was made to Respondent Yasemin Kostakopoulos's corporate credit card at Bagel Bob's on York in New York. Respondent Haralambos Kostakopoulos designated this charge as personal.

(h) On August 14, 2010, while Respondent Yasemin Kostakopoulos was in Turkey, a charge was made to Respondent Yasemin Kostakopoulos's corporate credit card at Southern Hospitality restaurant in New York. Respondent Haralambos Kostakopoulos designated this charge as personal.

(i) On August 18, 2010, while Respondent Yasemin Kostakopoulos was in Turkey, a charge was made to Respondent Yasemin Kostakopoulos's corporate credit card at McDonald's in New Jersey. Respondent Haralambos Kostakopoulos designated this charge as personal.

(j) On August 18, 2010, while Respondent Yasemin Kostakopoulos was in Turkey, a charge was made to Respondent Yasemin Kostakopoulos's corporate credit card at a gas station in New Jersey. Respondent Haralambos

Kostakopoulos authorized use of Bank funds for this expense, designating the charge as related to Bank business.

(k) On August 18, 2010, while Respondent Yasemin Kostakopoulos was in Turkey, a charge was made to Respondent Yasemin Kostakopoulos's corporate credit card at The Mansion restaurant in New York. Respondent Haralambos Kostakopoulos designated this charge as personal.

(l) On August 19, 2010, while Respondent Yasemin Kostakopoulos was in Turkey, a charge was made to Respondent Yasemin Kostakopoulos's corporate credit card for parking in New York. Respondent Haralambos Kostakopoulos authorized use of Bank funds for this expense, designating the charge as related to Bank business.

(m) On August 19, 2010, while Respondent Yasemin Kostakopoulos was in Turkey, a charge was made to Respondent Yasemin Kostakopoulos's corporate credit card at San Remo Pizza in New Jersey. Respondent Haralambos Kostakopoulos authorized use of Bank funds for this expense, designating the charge as related to Bank business.

(n) The corporate credit card statements incorrectly designate these charges as reflecting Respondent Yasemin Kostakopoulos's credit card activities.

(43) Contrary to prudent banking practices and, after August 18, 2009, the excessive and luxury expenditure policy, Respondents failed to adequately inform the Board of their corporate credit card activities, including the fact that Respondents charged personal expenses to their corporate credit cards.

(44) In May 2011, Respondent Yasemin Kostakopoulos used a corporate credit card to purchase Tiffany & Co. crystal for a Bank customer's daughter's wedding. In so doing, Respondent Yasemin Kostakopoulos failed to comply with prudent banking practices, the excessive and luxury expenditure policy, and the OTS Supervisory Directive, which the Bank received the day of the purchase and required that the Bank "[i]mmediately discontinue the use of corporate credits cards by [Respondents]."

(45) Contrary to prudent banking practices and, after August 18, 2009, the excessive and luxury expenditure policy, Respondents failed to maintain accurate and complete records related to their use of the corporate credit cards.

B. Respondents' Improper Practices Regarding Reimbursements

(46) The Bank allowed Bank officers, directors, and employees to seek reimbursement from the Bank for certain out-of-pocket expenses.

(47) The Bank required an individual seeking reimbursement to submit an expense form, which prompted the individual to explain the purpose of the expense and certify that the information provided was an accurate record of expenses incurred.

(48) The Bank required an individual seeking reimbursement to obtain an authorizing signature. The individual seeking reimbursement was not allowed to provide the authorizing signature. Respondents were not permitted to authorize each other's reimbursements.

(49) The Bank also required an individual seeking reimbursement to submit all original receipts.

(50) Contrary to prudent banking practices and, after August 18, 2009, the excessive and luxury expenditure policy, Bank personnel, including Respondents, frequently failed to submit expense forms.

(51) Contrary to prudent banking practices and, after August 18, 2009, the excessive and luxury expenditure policy, expense forms submitted by Bank personnel, including Respondents, were typically deficient for one or more reasons, including failure to:

- (a) Identify the specific business purpose of the expense;
- (b) Properly identify the date the expense was incurred;
- (c) Complete all required fields in the expense form;
- (d) Provide a certifying signature; and
- (e) Include a permissible authorizing signature.

(52) Contrary to prudent banking practices and, after August 18, 2009, the excessive and luxury expenditure policy, Bank personnel, including Respondents, rarely submitted original receipts.

(53) Contrary to prudent banking practices and, after August 18, 2009, the excessive and luxury expenditure policy, receipts submitted by Bank personnel, including Respondents, were frequently incomplete or illegible.

(54) Contrary to prudent banking practices and, after August 18, 2009, the excessive and luxury expenditure policy, Respondents failed to adequately oversee or use the reimbursement process by approving reimbursement of expenses, notwithstanding the deficiencies noted in paragraphs (50) through (53) of this Article.

(55) Contrary to prudent banking practices and, after August 18, 2009, the excessive and luxury expenditure policy, Respondents misused and failed to adequately oversee the reimbursement process by approving reimbursement of expenses despite conflicts of interest, such as Respondent Haralambos Kostakopoulos certifying and authorizing his own expenses, or Respondents authorizing each other's expenses.

(56) In July 2011, Respondent Yasemin Kostakopoulos received reimbursement from the Bank after purchasing jewelry for a potential investor's daughter's graduation. In so doing, Respondent Yasemin Kostakopoulos failed to comply with prudent banking practices, the excessive and luxury expenditure policy, and the OTS Supervisory Directive, which required that the Bank "[i]mmediately cease reimbursing directors, officers, and employees for excessive expenses and expenses where the related vouchers fail to demonstrate that such expenses: (a) properly relate to the business of the Bank and (b) are consistent with the Luxury Expenditure Policy."

(57) Contrary to prudent banking practices and the excessive and luxury expenditure policy, Respondents failed to maintain accurate and complete records related to reimbursements.

C. Respondents' Circumvention of the Established Expense Processes

(58) Rather than utilize the reimbursement or corporate credit card procedures, on at least one occasion, Respondent Haralambos Kostakopoulos directed the Bank to deposit funds into Respondent Yasemin Kostakopoulos's account with the Bank for a purported "Business Development expense."

(59) Contrary to prudent banking practices, Respondent Haralambos Kostakopoulos failed to document the nature of the business expense.

(60) Respondent Haralambos Kostakopoulos failed to inform the Board that he was directing expenses to be processed in this manner.

D. Respondents' Misuse of Bank Funds for Expenses Incurred at the New York Athletic Club

(61) From the Bank's opening until at least May 2011, Respondent Yasemin Kostakopoulos was a member of the New York Athletic Club.

(62) Respondent Yasemin Kostakopoulos's employment agreement, effective May 11, 2009, provided that "[t]he Bank recognizes [Respondent Yasemin Kostakopoulos's] need for a social club for business purposes. The Bank shall pay the annual dues to the New York Athletic Club, provided, that the rate of such payment shall be reviewed annually by the Board of Directors in its sole discretion."

(63) Respondent Haralambos Kostakopoulos's employment agreements, dated March 9, 2001 and May 11, 2009, did not provide that the Bank would pay for Respondent Haralambos Kostakopoulos's use of the New York Athletic Club.

(64) From May 2009 through March 2011, the Board failed to review annually the rate of payment to the New York Athletic Club. Nevertheless, the Bank continued to pay the annual dues to the New York Athletic Club.

(65) Contrary to prudent banking practices and, after August 18, 2009, the excessive and luxury expenditure policy, Respondents reviewed and authorized payment of their own expenses at the New York Athletic Club.

(66) Contrary to prudent banking practices and, after August 18, 2009, the excessive and luxury expenditure policy, Respondents caused the Bank to pay for Respondents' expenses at the New York Athletic Club other than Respondent Yasemin Kostakopoulous's annual dues, such as:

- (a) Charges for room service;
- (b) Charges for use of the club's aquatic center;
- (c) Charges at the club's cocktail lounge and "tap room";
- (d) Charges at the club's "Ladies Locker Floor Shop";
- (e) Charges for "Fight Nite Irish Boxing";
- (f) A tip for a masseuse;
- (g) Charges at the "Billiard Room" and for squash; and
- (h) Late charges.

(67) Contrary to prudent banking practices and, after August 18, 2009, the excessive and luxury expenditure policy, Respondents caused the Bank to pay for their children's or other third parties' use of the New York Athletic Club. In some cases, Respondents misrepresented these charges as incurred by Respondent Yasemin Kostakopoulos herself. Among such charges:

- (a) On September 8, 2009, while Respondent Yasemin Kostakopoulos was in Turkey, two charges were made to Respondent Yasemin Kostakopoulos's account at the New York Athletic Club for the aquatic center. Respondent Yasemin Kostakopoulos authorized use of Bank funds for these expenses.

(b) On September 10, 2009, while Respondent Yasemin Kostakopoulos was in Turkey, a charge was made to Respondent Yasemin Kostakopoulos's account at the New York Athletic Club for the aquatic center. Respondent Yasemin Kostakopoulos authorized use of Bank funds for this expense.

(c) On September 15, 2009, while Respondent Yasemin Kostakopoulos was in Turkey, a charge was made to Respondent Yasemin Kostakopoulos's account at the New York Athletic Club for room service. Respondent Yasemin Kostakopoulos authorized use of Bank funds for this expense.

(d) On September 15, 2009, while Respondent Yasemin Kostakopoulos was in Turkey, two charges were made to Respondent Yasemin Kostakopoulos's account at the New York Athletic Club for the aquatic center. Respondent Yasemin Kostakopoulos authorized use of Bank funds for these expenses.

(e) On September 17, 2009, while Respondent Yasemin Kostakopoulos was in Turkey, a charge was made to Respondent Yasemin Kostakopoulos's account at the New York Athletic Club for room service. Respondent Yasemin Kostakopoulos authorized use of Bank funds for this expense.

(f) On September 17, 2009, while Respondent Yasemin Kostakopoulos was in Turkey, two charges were made to Respondent Yasemin Kostakopoulos's account at the New York Athletic Club for the aquatic center. Respondent Yasemin Kostakopoulos authorized use of Bank funds for these expenses.

(g) On September 24, 2009, while Respondent Yasemin Kostakopoulos was in Turkey, a charge was made to Respondent Yasemin Kostakopoulos's account

at the New York Athletic Club for room service. Respondent Yasemin Kostakopoulos authorized use of Bank funds for this expense.

(h) On September 24, 2009, while Respondent Yasemin Kostakopoulos was in Turkey, a charge was made to Respondent Yasemin Kostakopoulos's account at the New York Athletic Club for the aquatic center. Respondent Yasemin Kostakopoulos authorized use of Bank funds for this expense.

(i) The New York Athletic Club invoices incorrectly designate these charges as reflecting Respondent Yasemin Kostakopoulos's activities.

(68) Contrary to prudent banking practices and, after August 18, 2009, the excessive and luxury expenditure policy, Respondents directed the Bank to pay for expenses at the New York Athletic Club with no documented business purpose.

(69) Contrary to prudent banking practices and, after August 18, 2009, the excessive and luxury expenditure policy, Respondents failed to maintain accurate and complete records related to expenses incurred at the New York Athletic Club.

E. Respondent Yasemin Kostakopoulos's Misuse of Bank Funds to Travel to Turkey in late 2009 and early 2010

(70) In late 2009 and early 2010, Respondent Yasemin Kostakopoulos used Bank funds to travel twice to Turkey.

(71) Respondent Yasemin Kostakopoulos purportedly traveled to Turkey to attend an International Monetary Fund ("IMF") conference in Istanbul; to research and purchase artwork, including decorative rugs and pillowcases, for the Bank's unopened branch in Clifton, New Jersey; and to research Islamic banking.

(a) The Bank had not been involved in any IMF functions prior to Respondent Yasemin Kostakopoulos's trip and did not make any changes at the Bank as a result of Respondent Yasemin Kostakopoulos's attendance at the IMF conference.

(b) Although Respondent Yasemin Kostakopoulos purportedly purchased art to appeal to the Bank's customer base and attract new customers, Respondents did not display the art where customers could view it.

(c) The Bank did not have any lines of business related to Islamic banking prior to Respondent Yasemin Kostakopoulos's trip and did not establish a line of business related to Islamic banking upon her return.

(72) Respondent Yasemin Kostakopoulos used Bank funds for the following purchases, among others, during her trips:

- (a) Airfare;
- (b) Lodging;
- (c) Purchases at beauty shops;
- (d) Purchases at a clothing store;
- (e) Duty free goods;
- (f) Purchases at an office supply store; and
- (g) "Raingear" due to "inclement weather."

(73) Contrary to prudent banking practices and the excessive and luxury expenditure policy, Respondent Yasemin Kostakopoulos caused the Bank to pay at least \$780 for paintings, \$561 on rugs and pillowcases, and \$1,620 on frames.

(74) Contrary to prudent banking practices and the excessive and luxury expenditure policy, Respondent Haralambos Kostakopoulos reviewed and approved Respondent Yasemin Kostakopoulos's expenses related to her trips to Turkey.

(75) The OTS Order required Respondents to reimburse the Bank for all expenses related to Respondent Yasemin Kostakopoulos's trips to Turkey. However, Respondents failed to properly reimburse the Bank for all travel-related expenses.

(76) Given the Bank's size and condition and Respondent Yasemin Kostakopoulos's role at the Bank and lack of qualifications, use of Bank funds for these trips was contrary to prudent banking practices and the excessive and luxury expenditure policy.

(77) Contrary to prudent banking practices and the excessive and luxury expenditure policy, Respondents failed to maintain accurate and complete records related to Respondent Yasemin Kostakopoulos's trips to Turkey.

F. Respondent Yasemin Kostakopoulos's Misuse of Bank Funds to Travel to Turkey in August 2010

(78) In August 2010, Respondents informed the Board that Respondent Yasemin Kostakopoulos "traveled to Turkey for eight (8) weeks commencing at the end of June. Four (4) weeks were vacation and four were devoted to savings bank business via telecommuting. No travel or other out of pocket expenses were paid by [the Bank]."

(79) Despite informing the Board that the Bank did not fund any portion of this trip to Turkey, Respondent Yasemin Kostakopoulos caused the Bank to pay \$525.00 for her travel from Turkey to New York in August 2010.

(80) Use of Bank funds for Respondent Yasemin Kostakopoulos's travel was contrary to prudent banking practices and the excessive and luxury expenditure policy.

G. Respondent Haralambos Kostakopoulos's Misuse of Bank Funds for Automobile-Related Expenses

(81) Respondent Haralambos Kostakopoulos's employment agreement, dated March 9, 2001, provided that "The Bank shall provide an automobile allowance in lieu of an automobile, at the rate of \$15,000 per year, payable not less frequently than monthly; provided, that the rate of such automobile allowance shall be reviewed by the Board of Directors not less often than annually."

(82) Similarly, Respondent Haralambos Kostakopoulos's employment agreement, as amended and restated May 11, 2009, provided that "The Bank shall provide an automobile allowance in lieu of an automobile, at the rate of \$14,400 per year; provided, that the rate of such automobile allowance shall be reviewed by the Board of Directors not less often than annually."

(83) The phrase "The Bank shall provide an automobile allowance in lieu of an automobile" meant that the Bank would not provide both an allowance and an automobile.

(84) The Bank did not permit Respondent Haralambos Kostakopoulos to use both his corporate credit card and the monthly allowance for automobile-related expenses.

(85) In November 2008, the Bank purchased a Mercedes Benz automobile "for use by [Respondents] for the conduct of official business."

(86) Respondent Haralambos Kostakopoulos continued to receive an allowance for automobile-related expenses, paid monthly from December 2008 through May 2011, even though the Bank had purchased a Mercedes Benz automobile for Respondent Haralambos Kostakopoulos's use in November 2008.

(87) Respondent Haralambos Kostakopoulos continued to receive the monthly automobile allowance even though the Board did not annually review the allowance.

(88) Respondent Haralambos Kostakopoulos used at least part of the monthly automobile allowance for expenses unrelated to his automobile.

(89) Respondent Haralambos Kostakopoulos used his corporate credit cards (*i.e.*, additional Bank funds beyond the monthly allowance) to purchase other automobile-related expenses, including:

- (a) Gas;
- (b) Parking, frequently in New York, where the Bank did not have any branches;
- (c) EZ Passes, including a past-due account with New Jersey EZ Pass;
- (d) Tolls;
- (e) Tires;
- (f) Car repairs;
- (g) Garage fees; and
- (h) Car accessories.

(90) From November 2007 through July 2011, Respondents used their corporate credit cards to pay for approximately \$24,224.11 in automobile-related expenses, notwithstanding the monthly allowance paid to Respondent Haralambos Kostakopoulos.

(91) In addition, between May 2008 and September 2011, Respondents either received reimbursement for or instructed the Bank to directly pay for other automobile-related expenses — such as garaging, parking, and car repairs — in the amount of approximately \$21,998.89.

(92) Respondents authorized payment of their own and each other's automobile-related expenses.

(93) Respondent Haralambos Kostakopoulos's receipt of a monthly allowance after the Bank purchased an automobile for Respondents' use, Respondents' use of the corporate credit cards for other automobile-related expenses, and Respondent Haralambos Kostakopoulos's use of the monthly allowance for non-automobile-related expenses were contrary to prudent banking practices and, after August 18, 2009, in violation of the Bank's excessive and luxury expenditure policy.

(94) Contrary to prudent banking practices and the excessive and luxury expenditure policy, Respondent Haralambos Kostakopoulos continued to use his corporate credit card for automobile-related expenses after May 20, 2011, despite the OTS Supervisory Directive's requirement that the Bank "[i]mmediately discontinue use of corporate credit cards."

(95) Contrary to prudent banking practices and, after August 18, 2009, the excessive and luxury expenditure policy, Respondent Haralambos Kostakopoulos failed to maintain accurate and complete records for automobile-related expenses.

H. Respondents' Misuse of Bank Funds for Payment of Parking Tickets and Moving Violations

(96) Between February 2009 and April 2011, Respondents directed the Bank to pay for ten parking tickets and moving violations issued to Respondents and other Bank employees involving, among other infractions, Respondents' double parking near their residence in New York, failing to stop at a red light, failing to display a receipt, and standing at a bus stop. Fines for these tickets and violations totaled approximately \$888.

(97) Respondents' use of Bank funds to pay for parking tickets and moving violations was contrary to prudent banking practices and, after August 18, 2009, in violation of the Bank's excessive and luxury expenditure policy.

I. Respondent Haralambos Kostakopoulos's False Certification Regarding Compliance with the Bank's Excessive and Luxury Expenditure Policy

(98) On July 25, 2011, Respondent Haralambos Kostakopoulos certified that the Bank and its employees "have complied with the excessive or luxury expenditures policy . . . during any part of the most recently completed fiscal year that was a TARP period; and any expenses that, pursuant to the policy, required approval of the board of directors, a committee of the board of directors, a [Senior Executive Officer], or an executive officer with a similar level of responsibility were properly approved."

(99) Respondent Haralambos Kostakopoulos's statements in connection with this certification were knowingly and willfully false or fraudulent, because he knew the Bank and its employees had failed to comply with the Bank's excessive and luxury expenditure policy during the most recently completed fiscal year, and he knew expenses were not properly approved.

J. Total Amount of Loss to the Bank and Gain to Respondents

(100) As a result of their expense practices, Respondents caused a loss to the Bank of approximately \$193,062.78, including approximately \$173,351.56 attributable to unjust enrichment to Respondents or their reckless disregard for the law.

(101) Respondents reimbursed the Bank approximately \$26,986.56 for their improper expenses.

* * *

(102) In light of the foregoing, Respondents engaged in unsafe or unsound practices in conducting the affairs of the Bank. Moreover, Respondents recklessly engaged in these unsafe or unsound practices, because Respondents acted in disregard of, and evidenced a conscious indifference to, a known or obvious risk of substantial harm to the Bank.

(103) In light of the foregoing, Respondents violated laws and regulations, including 18 U.S.C. § 656, 18 U.S.C. § 1001, 12 U.S.C. § 5221, 31 C.F.R. Part 30, 12 C.F.R. § 562.1 / 12 C.F.R. § 162.1, 12 C.F.R. § 563.170 / 12 C.F.R. § 163.170, 12 C.F.R. § 563.180 / 12 C.F.R. § 163.180, and 12 C.F.R. § 563.200 / 12 C.F.R. § 163.200.

(104) In light of the foregoing, Respondents violated the OTS Order, which required the Bank to “ensure [Respondent Yasemin Kostakopoulos] reimburses the [Bank] for all expenses related to her two trips to Turkey.”

(105) In light of the foregoing, Respondents breached their fiduciary duties to the Bank. Respondents breached their fiduciary duty of care, because they failed to act in good faith, with the care an ordinarily prudent person in a like position would exercise under similar circumstances, and in a manner reasonably believed to be in the best interests of the Bank; and because Respondents failed to ensure the Bank’s compliance with banking laws and regulations. Respondents breached their fiduciary duty of loyalty, because Respondents engaged in self-dealing at the expense of the Bank and failed to disclose material information to the Board.

Article IV

**RESPONDENTS' RECEIPT OF SALARIES AND BENEFITS
BEYOND THOSE AUTHORIZED BY THE BOARD OF DIRECTORS
WAS RECKLESSLY UNSAFE OR UNSOUND,
IN VIOLATION OF LAW AND REGULATION,
AND IN BREACH OF THEIR FIDUCIARY DUTIES TO THE BANK**

(106) This Article repeats and realleges all previous Articles in this Notice.

(107) As described herein, Respondents' receipt of salaries and benefits beyond those authorized by the Board was recklessly unsafe or unsound, in violation of law and regulation, and in breach of their fiduciary duties to the Bank.

(108) Respondent Haralambos Kostakopoulos's employment agreement, as amended and restated, dated May 11, 2009, provided for a base compensation rate of \$142,500 per year.

(109) Respondent Yasemin Kostakopoulos's employment agreement, dated May 11, 2009, provided for a base compensation rate of \$85,500 per year.

(110) In October 2009, the Bank's outside directors, as members of the Compensation Committee, voted for a five percent "merit increase" to Respondents' salaries.

(111) Contrary to the terms approved by the Board in his employment agreement and prudent banking practices, from July 2009 through June 2011, Respondent Haralambos Kostakopoulos received \$157,106.25 in annual salary, an increase of 10.25 percent.

(112) Contrary to the terms approved by the Board in her employment agreement and prudent banking practices, from July 2009 through June 2011, Respondent Yasemin Kostakopoulos received \$94,263.75 in annual salary, an increase of 10.25 percent.

(113) Respondent Yasemin Kostakopoulos's employment agreement further provided that the Bank would pay for the premiums on one life insurance policy for Respondent Yasemin Kostakopoulos.

(114) Contrary to the terms approved by the Board and prudent banking practices, in March 2010, the Bank paid premiums for two life insurance policies for Respondent Yasemin Kostakopoulos.

(115) As a result of receiving salaries and benefits beyond those authorized by the Board, Respondents caused a loss to the Bank and were unjustly enriched in the approximate amount of \$45,536.75.

(116) Respondents reimbursed the Bank \$5,922 of the \$45,536.75 in unjust enrichment.

* * *

(117) In light of the foregoing, Respondents engaged in unsafe or unsound practices in conducting the affairs of the Bank. Moreover, Respondents recklessly engaged in these unsafe or unsound practices, because Respondents acted in disregard of, and evidenced a conscious indifference to, a known or obvious risk of substantial harm to the Bank.

(118) In light of the foregoing, Respondents violated laws and regulations, including 18 U.S.C. § 656 and 12 C.F.R. § 563.200 / 12 C.F.R. § 163.200.

(119) In light of the foregoing, Respondents breached their fiduciary duties to the Bank. Respondents breached their fiduciary duty of care, because they failed to act in good faith, with the care an ordinarily prudent person in a like position would exercise under similar circumstances, and in a manner reasonably believed to be in the best interests of the Bank; and because Respondents failed to ensure the Bank's compliance with banking laws and regulations. Respondents breached their fiduciary duty of loyalty, because Respondents engaged in self-dealing at the expense of the Bank and failed to disclose material information to the Board.

Article V

**RESPONDENT HARALAMBOS KOSTAKOPOULOS'S ACCOUNTING PRACTICES
WERE RECKLESSLY UNSAFE OR UNSOUND,
IN VIOLATION OF LAW AND REGULATION,
AND IN BREACH OF HIS FIDUCIARY DUTY TO THE BANK**

(120) This Article repeats and realleges all previous Articles in this Notice.

(121) As described herein, Respondent Haralambos Kostakopoulos's accounting practices were recklessly unsafe or unsound, in violation of law and regulation, and in breach of his fiduciary duty to the Bank.

(122) As President, Chief Executive Officer, and Director, Respondent Haralambos Kostakopoulos participated in and was responsible for the proper oversight of the accounting functions at the Bank.

(123) As President, Chief Executive Officer, and Director, Respondent Haralambos Kostakopoulos was responsible for ensuring that the Bank complied with Generally Accepted Accounting Principles ("GAAP") and filed accurate regulatory reports.

(124) Contrary to prudent banking practices, Respondent Haralambos Kostakopoulos failed to ensure that the Bank established and maintained adequate accounting policies and procedures.

(125) Respondent Haralambos Kostakopoulos caused the Bank to engage in accounting practices that failed to comply with GAAP or were otherwise contrary to prudent banking practices, including:

- (a) Retaining on the Bank's books a \$126,355.54 receivable that had been outstanding for over 600 days;

- (b) Permitting a \$145,000 overdraft and a \$33,048.76 overdraft to remain on the Bank's books for over 390 days and 600 days, respectively;
- (c) Failing to reconcile accounts on a timely basis;
- (d) Failing to charge off \$94,000 in accrued interest receivables as directed by OCC examiners during the November 2011 examination;
- (e) Recording adjustments and reclassifications without proper documentation and support;
- (f) Repeatedly, and without explanation, charging off and recovering assets on the same day; and
- (g) Failing to maintain proper controls over the cash items account in the general ledger by not including descriptions of cash item entries or a record of who authorized transactions.

(126) Contrary to prudent banking practices, Respondent Haralambos Kostakopoulos caused the Bank to file inaccurate regulatory reports.

* * *

(127) In light of the foregoing, Respondent Haralambos Kostakopoulos engaged in unsafe or unsound practices in conducting the affairs of the Bank. Moreover, Respondent Haralambos Kostakopoulos recklessly engaged in these unsafe or unsound practices, because he acted in disregard of, and evidenced a conscious indifference to, a known or obvious risk of substantial harm to the Bank.

(128) In light of the foregoing, Respondent Haralambos Kostakopoulos violated laws and regulations, including 12 U.S.C. § 1464(v), 12 C.F.R. § 562.1 / 12 C.F.R. § 162.1, and 12 C.F.R. § 562.2 / 12 C.F.R. § 162.2.

(129) In light of the foregoing, Respondent Haralambos Kostakopoulos breached his fiduciary duty of care to the Bank, because he failed to act in good faith, with the care an ordinarily prudent person in a like position would exercise under similar circumstances, and in a manner reasonably believed to be in the best interests of the Bank; and because Respondent Haralambos Kostakopoulos failed to ensure the Bank's compliance with banking laws and regulations.

Article VI

RESPONDENTS' FAILURE TO PROVIDE THE OCC PROMPT AND COMPLETE ACCESS TO ALL BANK BOOKS, RECORDS, AND DOCUMENTS WAS RECKLESSLY UNSAFE OR UNSOUND, IN VIOLATION OF LAW AND REGULATION, AND IN BREACH OF THEIR FIDUCIARY DUTIES TO THE BANK

(130) This Article repeats and realleges all previous Articles in this Notice.

(131) As described herein, Respondents' failure to provide the OCC prompt and complete access to all Bank books, records, and documents was recklessly unsafe or unsound, in violation of law and regulation, and in breach of their fiduciary duties to the Bank.

(132) As President, Chief Executive Office, and Director, Respondent Haralambos Kostakopoulos was responsible for ensuring the Bank's compliance with requests and instructions from the OCC.

(133) As Director, Respondent Yasemin Kostakopoulos was responsible for ensuring the Bank's compliance with requests and instructions from the OCC.

A. Respondents' Failure to Provide the OCC Prompt and Complete Access to All Bank Books, Documents, and Records Pertaining to Expenses

(134) On October 19, 2011, in connection with its upcoming examination of the Bank, the OCC submitted a request for documents to Respondent Haralambos Kostakopoulos. The OCC requested copies of documents, including emails, related to expenses. The OCC required the Bank to provide the documents by November 7, 2011.

(135) Contrary to the OCC's instructions, Respondent Haralambos Kostakopoulos failed to provide the requested documents to the OCC by November 7, 2011. On November 9, 2011, Respondent Haralambos Kostakopoulos stated to the OCC that most of the requested documents "are in hard copy form ready for you on site."

(136) In response to the Bank's continued failure to provide the requested documents, on November 30, 2011, the OCC communicated to Respondent Haralambos Kostakopoulos that his production of documents remained incomplete. The OCC further required that Respondent Haralambos Kostakopoulos explain why responsive documents had not been produced.

(137) Contrary to the OCC's instructions, Respondent Haralambos Kostakopoulos failed to provide a prompt response to the OCC's November 30, 2011 communication. He further failed to provide an explanation as to why responsive documents were not produced.

(138) In response to the Bank's continued failure to provide the requested documents, on February 21, 2012, the OCC communicated to Respondent Haralambos Kostakopoulos that the Bank's production of documents remained incomplete and that the documentation must be provided to the OCC by February 28, 2012.

(139) The Bank provided additional documentation on February 28, 2012.

(140) Respondent Haralambos Kostakopoulos's failure to provide the OCC prompt and complete access to Bank books, documents, and records related to expenses prior to February 28, 2012 was contrary to prudent banking practices.

(141) Respondent Yasemin Kostakopoulos's failure to ensure the Bank provided the OCC prompt and complete access to Bank books, documents, and records related to expenses prior to February 28, 2012 was contrary to prudent banking practices.

(142) Respondent Haralambos Kostakopoulos failed to adequately inform the Bank's outside directors of the Bank's failure to comply with the OCC's request dated October 19, 2011.

B. Respondents' Failure to Provide the OCC Prompt and Complete Access to All Bank Books, Documents, and Records Pertaining to Charge Offs

(143) On March 1, 2012, the OCC required the Bank to immediately charge off \$607,635.04 associated with thirty-two Bank loans, other assets, and overdrafts. The OCC further required the Bank to submit copies of the relevant charge-off tickets to the OCC.

(144) Contrary to the OCC's instructions, the Bank failed to immediately charge off the required items and submit copies of the relevant charge-off tickets to the OCC.

(145) Contrary to prudent banking practices and the OCC's instructions, Respondent Haralambos Kostakopoulos directed Bank personnel to charge off some, but not all, of the relationships as required by the OCC.

(146) In response to the Bank's continued failure to provide the charge-off tickets, on March 22, 2012, the OCC required the Bank to submit the charge-off tickets by March 23, 2012.

(147) Contrary to the OCC's instructions, the Bank failed to submit all the required charge-off tickets by March 23, 2012. Rather, the Bank submitted approximately half of the required charge-off tickets.

(148) In response to the Bank's continued failure to provide the charge-off tickets, on April 12, 2012, the OCC required the Bank to submit the charge-off tickets by close of business.

(149) The Bank provided the remaining charge-off tickets on April 12, 2012.

(150) Respondent Haralambos Kostakopoulos's failure to provide the OCC prompt and complete access to Bank books, documents, and records related to charge offs prior to April 12, 2012 was contrary to prudent banking practices.

(151) Respondent Yasemin Kostakopoulos's failure to ensure the Bank provided the OCC prompt and complete access to Bank books, documents, and records related to charge offs prior to April 12, 2012 was contrary to prudent banking practices.

(152) Contrary to prudent banking practices, Respondent Haralambos Kostakopoulos provided false information to the Bank's outside directors regarding the required charge offs. Specifically, Respondent Haralambos Kostakopoulos claimed that the Bank immediately charged off the items as directed by the OCC and had provided the tickets to the OCC prior to April 12, 2012.

C. Respondents' Failure to Provide the OCC Prompt and Complete Access to Allowance for Loan and Lease Losses ("ALLL") Reconciliations

(153) On March 6, 2012, the OCC instructed the Bank to immediately provide the OCC with the Allowance for Loan and Lease Losses ("ALLL") reconciliations for the years 2010 through 2012.

(154) The term “ALLL reconciliation” is common in the banking industry.

(155) Contrary to the OCC’s instructions, the Bank failed to immediately provide the reconciliations to the OCC.

(156) In response to the Bank’s continued failure to provide the ALLL reconciliations, on March 22, 2012, the OCC required the Bank to provide the ALLL reconciliations by March 23, 2012.

(157) Contrary to the OCC’s instructions, the Bank failed to provide the ALLL reconciliations by March 23, 2012.

(158) In response to the Bank’s continued failure to provide the ALLL reconciliations, on April 12, 2012, the OCC required the Bank to provide the ALLL reconciliations by close of business.

(159) Contrary to the OCC’s instructions, the Bank failed to provide the ALLL reconciliations by April 12, 2012. Rather, on April 12, 2012, the Bank provided the ALLL methodology.

(160) In response to the Bank’s continued failure to provide the ALLL reconciliations, on April 12, 2012, the OCC stated that submission of the ALLL methodology was not in compliance with the OCC’s request for the ALLL reconciliations.

(161) In response, on April 12, 2012, Respondent Haralambos Kostakopoulos asked the OCC “[w]hat exactly is it that the OCC is requiring from the Bank in this instance?”

(162) The Bank provided the ALLL reconciliations on April 13, 2012.

(163) Respondent Haralambos Kostakopoulos's failure to provide the OCC prompt and complete access to Bank books, documents, and records related to the ALLL reconciliations prior to April 13, 2012 was contrary to prudent banking practices.

(164) Respondent Yasemin Kostakopoulos's failure to ensure the Bank provided the OCC prompt and complete access to Bank books, documents, and records related to the ALLL reconciliations prior to April 13, 2012 was contrary to prudent banking practices.

(165) Respondent Haralambos Kostakopoulos misled the Bank's outside directors regarding the required ALLL reconciliations. Specifically, Respondent Haralambos Kostakopoulos claimed that the Bank had provided the ALLL reconciliations to the OCC prior to April 13, 2012.

* * *

(166) In light of the foregoing, Respondents engaged in unsafe or unsound practices in conducting the affairs of the Bank. Moreover, Respondents recklessly engaged in these unsafe or unsound practices, because they acted in disregard of, and evidenced a conscious indifference to, a known or obvious risk of substantial harm to the Bank.

(167) In light of the foregoing, Respondents violated laws and regulations, including 12 U.S.C. § 1464(d)(1)(B) and 12 C.F.R. § 163.170.

(168) In light of the foregoing, Respondents breached their fiduciary duties to the Bank. Respondents breached their fiduciary duty of care, because they failed to act in good faith, with the care an ordinarily prudent person in a like position would exercise under similar circumstances, and in a manner reasonably believed to be in the best interests of the Bank; and because Respondents failed to ensure the Bank's compliance with banking laws and

regulations. Respondent Haralambos Kostakopoulos also breached his fiduciary duty of loyalty, because he failed to disclose material information to the Board.

Article VII

LEGAL BASES FOR REQUESTED RELIEF

(169) This Article repeats and realleges all previous Articles in this Notice.

(170) By reason of Respondents' misconduct as described in Articles III through IV, the Comptroller seeks a Prohibition Order against Respondents pursuant to 12 U.S.C. § 1818(e) on the following grounds:

- (a) Respondents violated laws and regulations, including 18 U.S.C. § 656, 18 U.S.C. § 1001, 12 U.S.C. § 5221, 31 C.F.R. Part 30, 12 C.F.R. § 562.1 / 12 C.F.R. § 162.1, and 12 C.F.R. § 563.180 / 12 C.F.R. § 163.180; Respondent Haralambos Kostakopoulos violated 12 C.F.R. § 562.2 / 12 C.F.R. § 162.2; Respondents violated the OTS Order; Respondents engaged in unsafe or unsound practices in conducting the affairs of the Bank; and/or Respondents breached their fiduciary duties to the Bank as directors and executive officers.
- (b) Respondents received personal financial gain or other benefit and caused financial loss to the Bank by reason of their misconduct.
- (c) Respondents' violations, unsafe or unsound practices, and/or breaches of fiduciary duty involved personal dishonesty and demonstrated a willful or continuing disregard for the safety or soundness of the Bank.

(171) By reason of Respondents' misconduct as described in Articles III, IV, and VI, as well as Respondent Haralambos Kostakopoulos's misconduct as described in Article V, the

Comptroller seeks imposition of a civil money penalty against Respondents pursuant to 12 U.S.C. § 1818(i) on the following grounds:

- (a) Respondents violated laws and regulations, including 18 U.S.C. § 656, 18 U.S.C. § 1001, 12 U.S.C. § 5221, 12 U.S.C. § 1464, 31 C.F.R. Part 30, 12 C.F.R. § 562.1 / 12 C.F.R. § 162.1, 12 C.F.R. § 563.170 / 12 C.F.R. § 163.170, 12 C.F.R. § 563.180 / 12 C.F.R. § 163.180, 12 C.F.R. § 563.200 / 12 C.F.R. § 163.200; Respondent Haralambos Kostakopoulos violated 12 C.F.R. § 562.2 / 12 C.F.R. § 162.2; Respondents violated the OTS Order; Respondents engaged in recklessly unsafe or unsound practices in conducting the affairs of the Bank; and/or Respondents breached their fiduciary duties to the Bank as directors and executive officers.
- (b) Respondents' violations, practices, and/or breaches of their fiduciary duty were part of a pattern of misconduct that resulted in pecuniary gain or other benefit to the Respondents and more than minimal loss to the Bank.

(172) By reason of Respondents' misconduct as described in Articles III through IV, the Comptroller seeks an Order for Restitution against Respondents pursuant to 12 U.S.C. § 1818(b)(6)(A) on the following grounds:

- (a) Respondents violated laws and regulations, including 18 U.S.C. § 656, 12 U.S.C. § 5221, and 31 C.F.R. Part 30; and Respondents engaged in unsafe or unsound practices in conducting the affairs of the Bank.

(b) Respondents' violations and/or unsafe or unsound practices involved reckless disregard for the law, applicable regulation, and/or the OTS Order, and/or resulted in Respondents' unjust enrichment.

Answer and Opportunity for Hearing

Respondents are directed to file a written answer to this Notice within twenty (20) days from the date of service of this Notice in accordance with 12 C.F.R. § 109.19(a) and (b). The original and one copy of any answer shall be filed with the Office of Financial Institution Adjudication, 3501 North Fairfax Drive, Suite VS-D8113, Arlington, VA 22226-3500. Respondents are encouraged to file any answer electronically with the Office of Financial Institution Adjudication at ofia@fdic.gov. A copy of any answer shall also be filed with the Hearing Clerk, Office of the Chief Counsel, Office of the Comptroller of the Currency, Washington, DC 20219, Hearing.Clerk@occ.treas.gov, and with the attorney whose name appears on the accompanying certificate of service. **Failure to answer within this time period shall constitute a waiver of the right to appear and contest the allegations contained in this Notice, and shall, upon the Comptroller's motion, cause the administrative law judge or the Comptroller to find the facts in this Notice to be as alleged, upon which an appropriate order may be issued.**

Respondents are also directed to file a written request for a hearing before the Comptroller, along with the written answer, concerning the Civil Money Penalty assessment contained in this Notice within twenty (20) days after date of service of this Notice, in accordance with 12 U.S.C. § 1818(i) and 12 C.F.R. § 109.19(a) and (b). The original and one copy of any request shall be filed, along with the written answer, with the Office of Financial

Institution Adjudication, 3501 North Fairfax Drive, Suite VS-D8113, Arlington, VA 22226-3500. Respondents are encouraged to file any answer electronically with the Office of Financial Institution Adjudication at ofia@fdic.gov. A copy of any request, along with the written answer, shall also be served on the Hearing Clerk, Office of the Chief Counsel, Office of the Comptroller of the Currency, Washington, D.C. 20219, Hearing.Clerk@occ.treas.gov, and with the attorney whose name appears on the accompanying certificate of service. **Failure to request a hearing within this time period shall cause this assessment to constitute a final and unappealable order for a civil money penalty against Respondent pursuant to 12 U.S.C. § 1818(i).**

PRAYER FOR RELIEF

The Comptroller prays for relief in the form of the issuance of an Order of Prohibition pursuant to 12 U.S.C. § 1818(e); and Order Requiring Restitution in the amount of at least one hundred eighty-five thousand nine hundred seventy-nine dollars and seventy-five cents (\$185,979.75), for which Respondents are jointly and severally liable, pursuant to 12 U.S.C. § 1818(b); and an Order of Civil Money Penalty Assessment in the amount of one hundred twenty-five thousand dollars (\$125,000) against each of Respondents pursuant to 12 U.S.C. § 1818(i).

Witness, my hand on behalf of the Office of the Comptroller of the Currency, given at Washington, DC this 8th day of October, 2014.

s/Kristina B. Whittaker
Kristina B. Whittaker
Deputy Comptroller for Special Supervision
Officer of the Comptroller of the Currency