

UNITED STATES OF AMERICA
Before the
OFFICE OF THRIFT SUPERVISION

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| In the Matter of |) | Order No.: NE-09- <u>11</u> |
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| |) | |
| GUARDIAN TRUST COMPANY, FSB |) | Effective Date: July <u>23</u> , 2009 |
| |) | |
| New York, New York |) | |
| OTS Docket No. 15358 |) | |

ORDER TO CEASE AND DESIST

WHEREAS, GUARDIAN TRUST COMPANY, FSB, New York, New York, OTS Docket No. 15358 (Association), by and through its Board of Directors (Board), has executed a Stipulation and Consent to the Issuance of an Order to Cease and Desist (Stipulation); and

WHEREAS, the Association, by executing the Stipulation, has consented and agreed to the issuance of this Order to Cease and Desist (Order) pursuant to 12 U.S.C. § 1818(b); and

WHEREAS, pursuant to delegated authority, the OTS Regional Director for the Northeast Region (Regional Director) is authorized to issue Orders to Cease and Desist where a savings association has consented to the issuance of an order.

NOW, THEREFORE, IT IS ORDERED that:

Cease and Desist.

1. The Association and its directors, officers, and employees shall cease and desist from any action (alone or with others) for or toward, causing, bringing about, participating in or counseling or aiding and abetting unsafe and unsound banking practices and violations of laws and regulations, including:

- (a) violations of 12 C.F.R. § 550.140 (regarding requirement of adequate policies and procedures for Association's exercise of fiduciary powers in compliance with applicable laws and regulations);
- (b) violations of 12 C.F.R. § 550.150 (regarding the Board's responsibility to manage and direct the exercise of fiduciary powers);
- (c) violations of 12 C.F.R. § 550.200 (regarding requirement to review prospective fiduciary accounts for determination that Association can properly administer account);
- (d) violations of 12 C.F.R. § 550.230 (regarding custody and control of fiduciary assets);
- (e) violations of 12 C.F.R. § 550.240 (regarding the off-premises holding of fiduciary account investments);
- (f) violations of 12 C.F.R. § 550.410 (regarding adequate record keeping for all fiduciary accounts);
- (g) operation of the Association without proper management and oversight;
- (h) violations of 31 C.F.R. § 103.33 (regarding requirement to properly oversee the operation of wire transfers);
- (i) violations of 12 C.F.R. § 562.1(b)(1) (regarding the requirement to

maintain accurate and complete records of all business transactions of the Association); and

(j) violations of the Currency and Foreign Transactions Reporting Act, as amended by the USA Patriot Act and other laws (the Bank Secrecy Act or BSA), 31 U.S.C. §§ 5311 et seq., and the related regulations issued and/or administered by the U.S. Department of the Treasury's Financial Crimes Enforcement Network (FinCEN), 31 C.F.R. §§ 103.11 et seq., and the related BSA regulations issued by OTS, 12 C.F.R. § 563.177 (collectively the BSA Laws and Regulations), the FinCEN regulations governing suspicious activity reports (SARs) set forth at 31 C.F.R. § 103.18, the OTS SAR regulations set forth at 12 C.F.R. § 563.180 (the SAR Regulations), and the Office of Foreign Assets Control (OFAC) regulations set forth at 31 C.F.R. Part 500 (the OFAC Regulations), specifically violations of:

- (i) 12 C.F.R. § 563.177(c)(1) (regarding lack of internal controls);
- (ii) 12 C.F.R. § 563.177(c)(3) (regarding designation of BSA Officer);
- (iii) 12 C.F.R. § 563.177(c)(4) (regarding provision of BSA training);
- (iv) 12 C.F.R. § 563.180(d)(3)(i), 12 C.F.R. § 563.180(d)(3)(iv)(A) and 31 C.F.R. § 103.18 (regarding requirement on filing of SARs); and
- (v) 12 C.F.R. § 563.180(d)(5) (regarding requirement of timely filing of SARs).

Trust Accounts.

2. Effective immediately, the Association shall review all accounts opened at the Association's branch office in Wilmington, Delaware (the Delaware Office) and ensure that:

- (a) the Association places all Delaware Office accounts, including all executed trusts, on the Association's accounting system;
- (b) the Association has custody of all assets that fund all opened accounts and executed trusts at the Delaware Office, where appropriate; and
- (c) the Association reviews the fee structure for each account improperly opened at the Delaware Office, and bills for and receives all fees properly owed to the Association. Within thirty (30) days, the Association shall prepare and submit to the Board a report documenting all account fees due to the Association (Fee Report) that notes which fees have been paid and which fees are still owed to the Association, and what steps are being taken to recover any unpaid fees. The Board shall review and discuss the Fee Report at its next regularly scheduled Board meeting and the discussion of the Fee Report shall be documented in the Board meeting minutes. A copy of the Fee Report and the associated Board meeting minutes shall be submitted to the Regional Director within five (5) days of the meeting at which the Fee Report was discussed.

3. Within thirty (30) days, the Association shall retain a qualified third party consultant knowledgeable and experienced in fiduciary issues in the state of Delaware (Fiduciary Consultant), acceptable to the Regional Director, who will review the Association's trust accounts and operations in the Delaware Office. The Fiduciary Consultant shall prepare a report (Trust Report) to submit to the Board by August 31, 2009 that evaluates the trust operations in the Delaware Office and makes recommendations concerning the Association's trust policies and procedures (Trust

Policy). A copy of the Trust Report shall be submitted to the Regional Director within five (5) days of receipt by the Board.

4. By August 31, 2009, the Board shall review the Trust Report and revise its Trust Policy in accordance with the recommendations contained in the Trust Report and the February 17, 2009 Report of Examination (ROE). The revised Trust Policy, at a minimum, shall require that:

- (a) each trust account be submitted to and approved by the Fiduciary Review Committee (FRC) before it is opened;
- (b) necessary documents be received before the FRC may approve the opening of a trust account, before the execution of applicable legal documents and/or trust agreements, and before all account transactions are performed;
- (c) a quarterly report is generated that accurately tracks account fees for all trust accounts at the Association that is reviewed by the Board's Trust Committee;
- (d) a quarterly report is generated that monitors changes in new accounts and ongoing business development activity that is submitted to and reviewed by the Board; and
- (e) the duties and responsibilities of all trust account officers and managers at both the New York and Delaware offices are specified.

5. Within five (5) days of approval of the revised Trust Policy by the Board, the revised Trust Policy shall be submitted to the Regional Director for review and non-objection. The Board shall make any changes to the revised Trust Policy required by the Regional Director within fifteen (15) days after receipt. Thereafter, the Board shall adopt

the revised Trust Policy, implement procedures for all of the revised Trust Policy requirements, and shall ensure that the Association adheres to the revised Trust Policy.

6. Within thirty (30) days, the Association shall obtain from qualified legal counsel, acceptable to the Regional Director, knowledgeable and experienced in fiduciary issues, a legal opinion concerning the risk exposure on specific accounts detailed in the February 17, 2009 ROE (Trust Opinion). The Board shall review and discuss the Trust Opinion at its next regularly scheduled Board meeting and the discussion of the Trust Opinion shall be documented in the Board meeting minutes. A copy of the Trust Opinion and the associated Board meeting minutes shall be submitted to the Regional Director within five (5) days of the meeting at which the Trust Opinion was discussed.

Management and Oversight of Association - Staffing.

7. By August 15, 2009, the Association shall review its staffing requirements to ensure that it has a sufficient number of knowledgeable and experienced personnel to operate the Association and the Delaware Office in a safe and sound manner with appropriate internal controls (Staffing Review). The Association shall submit the findings of the Staffing Review to the Board along with recommendations with respect to the reallocation of responsibilities of current staff and/or the hiring of additional staff (Staffing Report).

8. The Board shall review and discuss the Staffing Report at its next regularly scheduled Board meeting and the discussion of the Staffing Report shall be documented in the Board meeting minutes. A copy of the Staffing Report and the associated Board meeting minutes shall be submitted to the Regional Director within five (5) days of the meeting at which the Staffing Report was discussed.

Management and Oversight of Association - Ethics.

9. By August 15, 2009, the Association shall review its code of ethics policy to ensure that it addresses employees' fiduciary responsibilities and professional ethics requirements (Ethics Review). The Association shall submit the findings of the Ethics Review to the Board along with recommendations with respect to the establishment of procedures to ensure that every employee receives formal ethics training on an annual basis and that any individual who makes business referrals to the Association, whether employed by an affiliate or a third party, attests to their compliance with the Association's ethical standards on an annual basis (Ethics Report).

10. The Board shall review and discuss the Ethics Report at its next regularly scheduled Board meeting and the discussion of the Ethics Report shall be documented in the Board meeting minutes. A copy of the Ethics Report and the associated Board meeting minutes shall be submitted to the Regional Director within five (5) days of the meeting at which the Ethics Report was discussed.

Fiduciary Compliance.

11. By August 15, 2009, the Association shall revise its written fiduciary compliance program (Fiduciary Compliance Program) to ensure that:

- (a) the Association's size, complexity, and product lines, including the activities conducted out of the Delaware Office, are appropriately addressed by the Fiduciary Compliance Program;
- (b) adequate qualified personnel and training have been devoted to the Fiduciary Compliance Program; and

(c) appropriate processes and systems are in place for the Association and the Board to oversee and monitor the effectiveness of the Fiduciary Compliance Program.

Regulatory Reporting.

12. Effective immediately, the Association shall ensure that it maintains accurate and complete records of all business transactions of the Association pursuant to 12 C.F.R. 562.1(b)(1).

13. Within thirty (30) days, the Association shall submit to the Regional Director corrections to previously filed inaccurate Thrift Financial Reports (TFRs).

14. Within thirty (30) days, the Association shall prepare, adopt and thereafter ensure that the Association and Management adhere to specific procedures to prevent future violations and ensure that the Association files accurate and timely regulatory reports, including, but not limited to, TFRs.

BSA Risk Assessment.

15. By August 15, 2009, the Association shall assess the Association's BSA risk exposure (BSA Assessment) and submit a report to the Board detailing the BSA Assessment. The BSA Assessment shall be based upon the specific products, services, customers, entities, and geographic locations unique to the Association that may expose it to money laundering, terrorism financing, or other illegal activities, taking into consideration the BSA matrix set forth in Appendix J of the FinCEN BSA/Anti Money Laundering Examination Manual. The BSA Assessment shall also identify the number of accounts that are both potentially medium or high risk and the basis for such determination.

16. The Board shall review and discuss the BSA Assessment at its next regularly scheduled Board meeting and the discussion of the BSA Assessment shall be documented in the Board meeting minutes. A copy of the BSA Assessment and the associated Board meeting minutes shall be submitted to the Regional Director within five (5) days of the meeting at which the BSA Assessment was discussed.

BSA Compliance Program.

17. Within thirty (30) days of the submission of the BSA Assessment to the Board, the Association shall revise its current written BSA Compliance Program to comply with the BSA Laws and Regulations, the SAR Regulations, and the OFAC Regulations based upon the findings contained in the BSA Assessment.

18. The revised BSA Compliance Program shall, at a minimum, provide for the following requirements:

- (a) a system of internal controls to ensure ongoing compliance with the BSA Laws and Regulations, the SAR Regulations, and the OFAC Regulations and the Association's BSA Compliance Program. Such internal controls shall include written policies, procedures, and processes to monitor all transactions: (i) to ensure that transactions are not being conducted for illegal purposes and that there is full compliance with all applicable laws and regulations; and (ii) to detect and report any suspicious transactions and activity;
- (b) independent testing of the Association's BSA/AML compliance;
- (c) a designated and qualified individual responsible for managing the Association's BSA/AML compliance (BSA Compliance Officer);
- (d) BSA/AML training for appropriate personnel;

(e) customer identification policies, procedures and processes (CIP Policy) that are adequate, effective, and comply with all applicable laws, regulations, and regulatory guidance including 31 C.F.R. § 103.121 and 12 C.F.R. 563.177(b), that require maintenance of required customer documentation pursuant to applicable laws, regulations and regulatory guidance, and that specify adequate customer due diligence policies, procedures and processes (CDD Policy) to identify customers and customer groups with heightened BSA risk, as identified by the Association, including, but not limited to, non-U.S. resident accounts, commercial and business accounts, customers with significant wire transfer activity, and customers generating multiple Currency Transaction Reports (CTR) filings within any 12-month period (High Risk Customers);

(f) the maintenance of current customer profiles on High Risk Customers that are updated on an annual and the performance of enhanced due diligence and monitoring of High Risk Customer accounts and transactions;

(g) the requirement that beginning with the quarter ending June 30, 2009, the Association review the Association's CIP Policy, CDD Policy, and the activities of its High Risk Customers on at least an annual basis and provide a report to the Board summarizing its review (CIP Review) that is discussed at the next regularly scheduled Board meeting with a copy of the CIP Review to be included in the Board meeting minutes; and

(h) the maintenance of required documentation for all wire transfers.

19. Within five (5) days of approval of the revised BSA Compliance Policy by the Board, the revised BSA Compliance Policy shall be submitted to the Regional Director

for review and non-objection. The Board shall make any changes to the revised BSA Compliance Policy required by the Regional Director within fifteen (15) days after receipt. Thereafter, the Board shall adopt the revised BSA Compliance Policy and shall ensure that the Association adheres to it. Any request to modify the adopted BSA Compliance Policy shall be submitted to the Regional Director for review and written non-objection at least thirty (30) days prior to the proposed date to implement any such modification.

20. The BSA Compliance Program shall be monitored and updated on an ongoing basis as necessary, but no less frequently than annually, to adjust to changes in: (a) the BSA Laws and Regulations; and (b) the Association's operations that may impact its compliance with the BSA Laws and Regulations.

BSA Training.

21. By August 31, 2009, the Association shall provide sufficient training on the BSA Laws and Regulations on an annual basis for all Association personnel whose duties require knowledge of the BSA Laws and Regulations and shall maintain written documentation of such training. The training on the BSA Laws and Regulations shall include all aspects of BSA compliance, including, but not limited to, suspicious activity monitoring and reporting, consideration of politically exposed persons, enhanced due diligence processes and proper record keeping.

22. By August 31, 2009, the Board shall be provided with training on the BSA Laws and Regulations that, at a minimum, covers the importance of the BSA Laws and Regulations, the ramifications of noncompliance with the BSA Laws and Regulations,

and the risks posed to the Association in the event of noncompliance with the BSA Laws and Regulations.

Suspicious Activity Reporting.

23. Effective immediately, the Association shall implement a system to ensure that: (i) all transactions are reviewed; (ii) that all suspicious transactions and activity are reported pursuant to 31 C.F.R. § 103.18 and 12 C.F.R. § 563.180(d); (iii) that proper documentation is maintained for all SARs that are filed; and (iv) that proper documentation is maintained for all decisions made to not file a SAR (SAR Policy). On at least a semi-annual basis, the Association shall review its compliance with the SAR Policy (SAR Policy Review) and provide a report of its SAR Policy Review to the Board.

Compliance with OFAC/FinCEN Regulations.

24. Within sixty (60) days, the Association shall review all customer records against the OFAC list of specially designated nationals pursuant to the OFAC Regulations set forth at 31 C.F.R. Part 500 and the U.S. Department of Treasury's 314(a) list pursuant to 31 C.F.R. § 103.100. A report verifying the review (OFAC Report) shall be submitted to the Board and discussed at the next regularly scheduled Board meeting and a copy of the OFAC Report shall be included in the Board minutes.

25. By August 15, 2009, the Association shall review all account files to ensure that adequate CIP documentation exists pursuant to the Association's CIP Policy. A report summarizing this review (CIP Report) shall be submitted to the Board and discussed at the next regularly scheduled Board meeting and a copy of the CIP report shall be included in the Board minutes.

Effective Date, Incorporation of Stipulation.

26. This Order is effective on the Effective Date as shown on the first page. The Stipulation is made a part hereof and is incorporated herein by this reference.

Duration.

27. This Order shall remain in effect until terminated, modified or suspended, by written notice of such action by OTS, acting by and through its authorized representatives.

Time Calculations.

28. Calculation of time limitations for compliance with the terms of this Order run from the Effective Date and shall be based on calendar days, unless otherwise noted.

29. The Regional Director, or an OTS authorized representative, may extend any of the deadlines set forth in the provisions of this Order upon written request by the Association that includes reasons in support for any such extension. Any OTS extension shall be made in writing.

Submissions and Notices.

30. All submissions, including progress reports, to OTS that are required by or contemplated by this Order shall be submitted within the specified timeframes.

31. Except as otherwise provided herein, all submissions, requests, communications, consents or other documents relating to this Order shall be in writing and sent by first class U.S. mail (or by reputable overnight carrier, electronic facsimile transmission or hand delivery by messenger) addressed as follows:

(a) To OTS:

Regional Director, Northeast Region
Attn: Thomas S. Angstadt, Assistant Director
Office of Thrift Supervision
Harborside Financial Center Plaza Five
Suite 1600
Hudson and Pearl Streets
Jersey City, New Jersey 07311
Fax: (201) 413-7543

(b) To the Association:

Guardian Trust Company, FSB
Attn: David Paterson, President
7 Hanover Square
New York, New York 10004
Fax: (212) 919-2159

No Violations Authorized.

32. Nothing in this Order or the Stipulation shall be construed as allowing the Association, its Board, officers or employees to violate any law, rule, or regulation.

IT IS SO ORDERED.

OFFICE OF THRIFT SUPERVISION

By:


Michael E. Finn
Regional Director, Northeast Region

Date: See Effective Date on page 1

UNITED STATES OF AMERICA
Before the
OFFICE OF THRIFT SUPERVISION

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| In the Matter of) | Order No.: NE-09- <u>11</u> |
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| GUARDIAN TRUST COMPANY, FSB) | Effective Date: July <u>23</u> , 2009 |
|) | |
| New York, New York) | |
| OTS Docket No. 15358) | |
| _____) | |

STIPULATION AND CONSENT TO ISSUANCE OF ORDER TO CEASE AND DESIST

WHEREAS, the Office of Thrift Supervision (OTS), acting by and through its Regional Director for the Northeast Region (Regional Director), and based upon information derived from the exercise of its regulatory and supervisory responsibilities, has informed Guardian Trust Company, FSB, New York, New York, OTS Docket No. 15358 (Association) that OTS is of the opinion that grounds exist to initiate an administrative proceeding against the Association pursuant to 12 U.S.C. § 1818(b);

WHEREAS, the Regional Director, pursuant to delegated authority, is authorized to issue Orders to Cease and Desist where a savings association has consented to the issuance of an order; and

WHEREAS, the Association desires to cooperate with OTS to avoid the time and expense of such administrative cease and desist proceeding by entering into this Stipulation and Consent to the Issuance of Order to Cease and Desist (Stipulation) and, without admitting or

denying that such grounds exist, but only admitting the statements and conclusions in Paragraphs 1 and 2 below concerning Jurisdiction, hereby stipulates and agrees to the following terms:

Jurisdiction.

1. The Association is a “savings association” within the meaning of 12 U.S.C. § 1813(b) and 12 U.S.C. § 1462(4). Accordingly, the Association is “an insured depository institution” as that term is defined in 12 U.S.C. § 1813(c).
2. Pursuant to 12 U.S.C. § 1813(q), the Director of OTS is the “appropriate Federal banking agency” with jurisdiction to maintain an administrative enforcement proceeding against a savings association. Therefore, the Association is subject to the authority of OTS to initiate and maintain an administrative cease and desist proceeding against it pursuant to 12 U.S.C. § 1818(b).

OTS Findings of Fact.

3. Based on its February 17, 2009 limited examination of the Association, OTS finds that the Association has engaged in unsafe and unsound banking practices and violations of laws and regulations, including:
 - (a) violations of 12 C.F.R. § 550.140 (regarding requirement of adequate policies and procedures for Association’s exercise of fiduciary powers in compliance with applicable laws and regulations);
 - (b) violations of 12 C.F.R. § 550.150 (regarding the Board’s responsibility to manage and direct the exercise of fiduciary powers);
 - (c) violations of 12 C.F.R. § 550.200 (regarding requirement to review prospective fiduciary accounts for determination that Association can properly administer account);

- (d) violations of 12 C.F.R. § 550.230 (regarding custody and control of fiduciary assets);
- (e) violations of 12 C.F.R. § 550.240 (regarding the off-premises holding of fiduciary account investments);
- (f) violations of 12 C.F.R. § 550.410 (regarding adequate record keeping for all fiduciary accounts);
- (g) operation of the Association without proper management and oversight;
- (h) violations of 31 C.F.R. § 103.33 (regarding requirement to properly oversee the operation of wire transfers);
- (i) violations of 12 C.F.R. § 562.1(b)(1) (regarding the requirement to maintain accurate and complete records of all business transactions of the Association); and
- (j) violations of the Currency and Foreign Transactions Reporting Act, as amended by the USA Patriot Act and other laws (the Bank Secrecy Act or BSA), 31 U.S.C. §§ 5311 et seq., and the related regulations issued and/or administered by the U.S. Department of the Treasury's Financial Crimes Enforcement Network (FinCEN), 31 C.F.R. §§ 103.11 et seq., and the related BSA regulations issued by OTS, 12 C.F.R. § 563.177 (collectively the BSA Laws and Regulations), the FinCEN regulations governing suspicious activity reports (SARs) set forth at 31 C.F.R. § 103.18, the OTS SAR regulations set forth at 12 C.F.R. § 563.180 (the SAR Regulations), and the Office of Foreign Assets Control (OFAC) regulations set forth at 31 C.F.R. Part 500 (the OFAC Regulations), specifically violations of:
 - (i) 12 C.F.R. § 563.177(c)(1) (regarding lack of internal controls);

- (ii) 12 C.F.R. § 563.177(c)(3) (regarding designation of BSA Officer);
- (iii) 12 C.F.R. § 563.177(c)(4) (regarding provision of BSA training);
- (iv) 12 C.F.R. § 563.180(d)(3)(i), 12 C.F.R. § 563.180(d)(3)(iv)(A) and 31 C.F.R. § 103.18 (regarding requirement on filing of SARs); and
- (v) 12 C.F.R. § 563.180(d)(5) (regarding requirement of timely filing of SARs).

Consent.

4. The Association consents to the issuance by OTS of the accompanying Order to Cease and Desist (Order). The Association further agrees to comply with the terms of the Order upon the Effective Date of the Order and stipulates that the Order complies with all requirements of law.

Finality.

5. The Order is issued by OTS under 12 U.S.C. § 1818(b) and upon the Effective Date it shall be a final order, effective and fully enforceable by OTS under the provisions of 12 U.S.C. § 1818(i).

Waivers.

6. The Association waives the following:
- (a) the right to be served with a written notice of OTS's charges against it as provided by 12 U.S.C. § 1818(b) and 12 C.F.R. Part 509;
 - (b) the right to an administrative hearing of OTS's charges as provided by 12 U.S.C. § 1818(b) and 12 C.F.R. Part 509;
 - (c) the right to seek judicial review of the Order, including, without limitation, any

such right provided by 12 U.S.C. § 1818(h), or otherwise to challenge the validity of the Order; and

(d) any and all claims against OTS, including its employees and agents, and any other governmental entity for the award of fees, costs, or expenses related to this OTS enforcement matter and/or the Order, whether arising under common law, federal statutes or otherwise.

OTS Authority Not Affected.

7. Nothing in this Stipulation or accompanying Order shall inhibit, estop, bar or otherwise prevent OTS from taking any other action affecting the Association if at any time OTS deems it appropriate to do so to fulfill the responsibilities placed upon OTS by law.

Other Governmental Actions Not Affected.

8. The Association acknowledges and agrees that its consent to the issuance of the Order is solely for the purpose of resolving the matters addressed herein, consistent with Paragraph 7 above, and does not otherwise release, discharge, compromise, settle, dismiss, resolve, or in any way affect any actions, charges against, or liability of the Association that arise pursuant to this action or otherwise, and that may be or have been brought by any governmental entity other than OTS.

Miscellaneous.

9. The laws of the United States of America shall govern the construction and validity of this Stipulation and of the Order.

10. If any provision of this Stipulation and/or the Order is ruled to be invalid, illegal, or unenforceable by the decision of any Court of competent jurisdiction, the validity, legality, and

enforceability of the remaining provisions hereof shall not in any way be affected or impaired thereby, unless the Regional Director in his or her sole discretion determines otherwise.

11. All references to OTS in this Stipulation and the Order shall also mean any of the OTS's predecessors, successors, and assigns.

12. The section and paragraph headings in this Stipulation and the Order are for convenience only and shall not affect the interpretation of this Stipulation or the Order.

13. The terms of this Stipulation and of the Order represent the final agreement of the parties with respect to the subject matters thereof, and constitute the sole agreement of the parties with respect to such subject matters.

14. The Stipulation and Order shall remain in effect until terminated, modified, or suspended in writing by OTS, acting through its Regional Director or other authorized representative.

Signature of Directors/Board Resolution.

15. Each Director signing this Stipulation attests that he or she voted in favor of a Board Resolution authorizing the consent of the Association to the issuance of the Order and the execution of the Stipulation. This Stipulation may be executed in counterparts by the directors after approval of execution of the Stipulation at a duly called board meeting. A copy of the Board Resolution authorizing execution of this Stipulation shall be delivered to OTS, along with the executed original(s) of this Stipulation.

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WHEREFORE, the Association, by its directors, executes this Stipulation.

Accepted by:

GUARDIAN TRUST COMPANY, FSB
New York, New York

OFFICE OF THRIFT SUPERVISION

By:

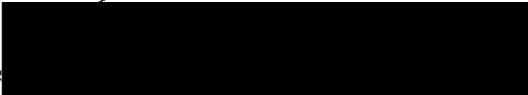

Joseph A. Caruso
Chairman

By:

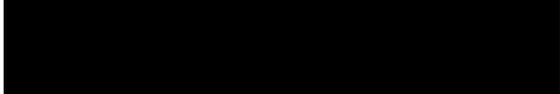

Michael E. Finn
Regional Director, Northeast Region

Date: See Effective Date on page 1


Robert S. Kniejski, Director


Jeremiah F. O'Leary, Director


Vernon M. Schreiner, Director


Geoffrey A. Thompson, Director


Margaret W. Skinner, Director