

UNITED STATES OF AMERICA
Before the
OFFICE OF THRIFT SUPERVISION

_____)	
In the Matter of)	Order No.: CN 09-24
)	
)	
PLATINUM COMMUNITY BANK)	Effective Date: August 21, 2009
)	
Rolling Meadows, Illinois)	
OTS Docket No. 15590)	
_____)	

ORDER TO CEASE AND DESIST

WHEREAS, PLATINUM COMMUNITY BANK, Rolling Meadows, Illinois, OTS Docket No. 15590 (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) by the Office of Thrift Supervision (OTS) pursuant to 12 U.S.C. § 1818(b); and

WHEREAS, pursuant to delegated authority, the OTS Regional Director for the Central 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

all unsafe or unsound practices, including: (i) failure to maintain accurate books and records; (ii) failure to operate the Association independently from affiliates; (iii) operating with inadequate provisions for liquidity for the kind of deposit liabilities held by the Association; and (iv) operating with an inadequate level of capital protection for the volume, type and quality of assets held by and risk profile of the Association-

Loan Sales.

2. Within five (5) days, the Association shall submit a plan, acceptable to the Regional Director, specifying (a) a timeline for the Association to sell its mortgage loans held for sale, both the retail and wholesale portfolios, and (b) the investments to be purchased with the proceeds of such loan sales.

Books and Records.

3. Effective immediately, all Association records, including any electronic records, credit files, loan documentation, collateral documentation, promissory notes, escrow records, and accounting information related to any transaction shall be preserved, regardless of the form such information may take.

4. Effective immediately, the Association, by action of its Board, shall immediately adopt and implement procedures to prevent any officer, director, employee of the Association or other persons from destroying, erasing or altering any Association record, including any electronic records, any credit files, loan documentation, collateral documentation, promissory notes, escrow records, and accounting information related to any transaction, regardless of the form such information may take, relating to any transactions or removing any such record from the Association's premises.

Mission-Critical Contingency Plan

5. (a) By no later than August 31, 2009, the Board shall adopt and submit for Regional Director review and comment a written contingency plan (Mission-Critical Contingency Plan) that identifies alternative sources of or providers for the data processing, administrative, and managerial services currently provided to the Association by any affiliate of the Association.

The Mission-Critical Contingency Plan shall, at a minimum:

- (i) identify alternative suppliers and vendors that the Association may rely upon to supply the services that may be used in place of, and are fully compatible with, the current outsourced services;
- (ii) establish timeframes for the engagement of qualified service providers as appropriate; and
- (iii) outline the circumstances under which the Association will enter into a binding agreement with new service providers that are fully compatible with the current outsourced services.

(b) The Board shall revise and implement the Mission-Critical Contingency Plan within seven (7) days of receiving the Regional Director's comments or non-objection. The Board shall send a copy of the final Mission-Critical Contingency Plan implemented by the Board to the Regional Director within five (5) days of Board approval of a final Mission-Critical Contingency Plan.

(c) Effective immediately, all officers, directors and employees of the Association shall be independent from all affiliates of the Association. For purposes of this Paragraph, unless otherwise determined by the Regional Director in writing, the term "Independent" means a

person who: (a) is not currently a director, officer, or employee of any affiliate of the Association; and (b) is not excluded from such status by the Regional Director for good cause.

Capital.

6. (a) Effective immediately, the Association shall meet and maintain: (i) a Tier 1 (Core) Capital Ratio of at least eight percent (8%) and (ii) a Total Risk-Based Capital Ratio of at least twelve percent (12%) after the funding of an adequate Allowance for Loan and Lease Losses (ALLL).

(b) The requirement in Subparagraph (a) above to meet and maintain a specific capital level means that the Association may not be deemed to be “well-capitalized” for purposes of 12 U.S.C. §1831o and 12 C.F.R. Part 565, pursuant to 12 C.F.R. §565.4(b) (1) (iv).

7. (a) In the event the Association does not meet the capital ratios required by subparagraph 6(a) above or when requested in writing by the Regional Director, the Board shall prepare and submit a Contingency Plan acceptable to the Regional Director within fifteen (15) days.

(b) The Contingency Plan required by this Paragraph 7 shall detail the actions to be taken, with specific time frames, to achieve one of the following results within sixty (60) days after implementation of the Contingency Plan: (i) merger with or acquisition by another federally insured depository institution or holding company thereof; or (ii) voluntary liquidation by filing an appropriate application with the OTS in conformity with federal laws and regulations. The Contingency Plan shall be implemented by the Association immediately upon notification by the Regional Director to implement the Contingency Plan.

(c) By the first (1st) and fifteenth (15th) day of each month following implementation of the Contingency Plan, the Association shall provide a written status report (Contingency Plan Status Report) to the Regional Director detailing the Association’s actions taken and progress in

executing the Contingency Plan. The Contingency Plan Status Report shall discuss and include documents regarding any contacts with investment bankers, due diligence efforts, offers relating to an acquisition or a merger, the execution of a letter of intent or an agreement relating to the acquisition or merger of the Association, and/or the termination of negotiations with a potential acquirer.

Liquidity.

8. Effective immediately, the Association shall submit a daily liquidity status report to the Regional Director (Liquidity Status Report) until such time as the Regional Director releases the Association from this reporting requirement.

9. (a) By September 15, 2009, the Board shall adopt and submit to the Regional Director for review and comment a written liquidity management and contingency plan (Liquidity Contingency Plan) that:

- (i) provides for the safe and sound management of liquidity in accordance with OTS Thrift Bulletin 77 and OTS Examination Handbook § 530;
- (ii) sets forth short-term and long-term sources of liquidity and cash flow requirements and sources, including reduced reliance on volatile funding sources such as GSE custodial account funds;
- (iii) plans to comply with the custodial account investing rules of each Government-sponsored enterprise (GSE) controlling such custodial accounts;
- (iv) addresses the Association's capacity to borrow from wholesale funding sources, such as the Federal Home Loan Bank (FHLB) and Federal Reserve Bank (FRB);

- (iv) prescribes specific limits on funding concentrations and a minimum level of available unpledged liquid assets for meeting liquidity needs;
- (v) addresses the Association's contingency plans in the event of unanticipated withdrawals of deposits or a reduction or elimination of current sources of funds;
- (vi) addresses any seasonal increases in loan funding or deposit outflows;
- (vii) provides for periodic stress testing of the availability of all funding sources under specific scenarios and various market conditions;
- (viii) addresses compliance with Paragraph 12 of this Order regarding the restrictions on brokered deposits, including, but not limited to the monitoring of interest rates paid on deposits for compliance with 12 C.F.R. § 337.6; and
- (ix) provides for the Association's ongoing monitoring and Board oversight of the Association's liquidity needs and available sources of liquidity, including a requirement that the Regional Director be notified immediately of any event that would limit the Association's funding sources or available liquidity amounts.

(b) Within seven (7) days after receiving any written comments from the Regional Director, the Board shall revise the Liquidity Contingency Plan based on comments from the Regional Director. Promptly thereafter, the Board shall adopt and the Association shall implement and comply with the Liquidity Contingency Plan. Within five (5) days of Board approval of the Liquidity Contingency Plan, the Association shall send a copy of the final

Liquidity Contingency Plan adopted by the Board, along with the Board meeting minutes reflecting its adoption to the Regional Director.

Asset Growth.

10. Effective immediately, the Association shall comply with the requirements and provisions of OTS Regulatory Bulletin 3b. Without the prior written approval of the Regional Director, the Association shall not increase its total assets during any quarter in excess of an amount equal to net interest credited on deposit liabilities during the quarter.

Management Changes.

11. Effective immediately, the Association shall comply with the prior notification requirements for changes in directors and Senior Executive Officers¹ set forth in 12 CFR Part 563, Subpart H.

Brokered Deposits.

12. The Association shall comply with the requirements of 12 C.F.R. § 337.6(b)(2) and shall not, without obtaining the prior written approval of the FDIC pursuant to 12 C.F.R. § 337.6(c):
(i) accept, renew or roll over any brokered deposit, as that term is defined at 12 C.F.R. § 337.6(a)(2); or act as a deposit broker, as that term is defined at 12 C.F.R. § 337.6(a)(5).

Severance and Indemnification Payments.

13. Effective immediately, the Association shall not make any golden parachute payment² or any prohibited indemnification payment³ unless, with respect to each such payment, the

¹ The term “Senior Executive Officer” is defined at 12 C.F.R. § 563.555.

² The term “golden parachute payment” is defined at 12 C.F.R. § 359.1(f).

³ The term “prohibited indemnification payment” is defined at 12 C.F.R. § 359.1(l).

Association has complied with the requirements of 12 C.F.R. Part 359 and, as to indemnification payments, 12 C.F.R. § 545.121.

Employment Contracts and Compensation Arrangements.

14. Effective immediately, the Association shall not enter into, renew, extend or revise any contractual arrangement related to compensation or benefits with any director or Senior Executive Officer of the Association, unless it provides the Regional Director with not less than thirty (30) days prior written notice of the proposed transaction. The notice to the Regional Director shall include a copy of the proposed employment contract or compensation arrangement, or a written description of the compensation arrangement to be offered to such officer or director, including all benefits and perquisites. The Board shall ensure that any contract, agreement, or arrangement submitted to the OTS fully complies with the requirements of 12 C.F.R. Part 359, 12 C.F.R. §§ 563.39 and 563.161(b), and 12 C.F.R. Part 570-Appendix A.

Third Party Contracts.

15. Effective immediately, neither the Association nor its subsidiaries shall enter into any arrangement or contract with a third party service provider that is significant to the overall operation or financial condition of the Association⁴ or outside the Association's or subsidiary's normal course of business unless, with respect to each such contract, the Association has: (i) provided the OTS with a minimum of thirty (30) days prior written notice of such arrangement or contract; (ii) determined that the arrangement or contract complies with the standards and guidelines set forth in OTS Thrift Bulletin 82a; and (iii) received written notice of non-objection from the Regional Director.

⁴ A contract will be considered significant to the overall operation or financial condition of the Association where the annual contract amount equals or exceeds two percent (2%) of the Association's total capital.

Capital Distributions.

16. Effective immediately, the Association shall not declare or pay dividends or make any other capital distributions including the repurchase or redemption of capital stock, without receiving the prior written approval of the Regional Director. The Association's written request for approval shall be submitted at least thirty (30) days prior to the anticipated date of the proposed dividend payment or distribution of capital.

Transactions with Affiliates, Subsidiaries, and Institution-Affiliated Parties.

17. Effective immediately, the Association shall not engage in any transaction with any subsidiary, affiliate or institution-affiliated party (IAP), as that term is defined in section 3(u) of the Federal Deposit Insurance Act, 12 U.S.C. § 1813(u), including but not limited to safekeeping and custody functions for the Holding Company, without the prior written non-objection of the Regional Director. The Association shall provide five (5) days advance written notice to the Regional Director of any proposed transaction with any affiliate, subsidiary or IAP thereof and shall include a full description of the transaction.

Effective Date, Incorporation of Stipulation.

18. 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.

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

Time Calculations.

20. 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.

21. The Regional Director or an authorized OTS 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.

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

23. 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 the OTS:**

Regional Director
Office of Thrift Supervision
One South Wacker Drive, Suite 2000
Chicago, Illinois 60606
Facsimile: (312) 917-5002

b. **To the Association:**

Chairman of the Board
Platinum Community Bank
2915 West Kirchoff Road
Rolling Meadows, Illinois 60008
Facsimile: (847) 797-8140

No Violations Authorized.

24. 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: _____ /s/_____
Daniel T. McKee
Regional Director, Central Region

Date: See Effective Date on page 1

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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 Central Region (Regional Director), and based upon information derived from the exercise of its regulatory and supervisory responsibilities, has informed PLATINUM COMMUNITY BANK, Rolling Meadows, Illinois, OTS Docket No. 15590 (Association) that the 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 the 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 the 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 the 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 OTS regulatory findings regarding the Association, the OTS finds that the Association has engaged in unsafe or unsound banking practices, including: (i) failure to maintain accurate books and records; (ii) failure to operate the Association independently from affiliates; (iii) operating with inadequate provisions for liquidity for the kind of deposit liabilities held by the Association; and (iv) operating with an inadequate level of capital protection for the volume, type and quality of assets held by and risk profile of the Association.

Consent.

4. The Association consents to the issuance by the 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 the OTS under 12 U.S.C. § 1818(b). Upon the Effective Date, the Order shall be a final order, effective and fully enforceable by the 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 the 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 the 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 the 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 the OTS from taking any other action affecting the Association if at any time the OTS deems it appropriate to do so to fulfill the responsibilities placed upon the 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 the 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 the 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 the 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.

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

Accepted by:

PLATINUM COMMUNITY BANK
Rolling Meadows, Illinois

OFFICE OF THRIFT SUPERVISION

_____/s/_____
William L. Anderson, Director

By:_____/s/_____
Daniel T. McKee
Regional Director, Central Region

_____/s/_____
John F. Kulczewski, Director

Date: See Effective Date on page 1

_____/s/_____
William V. Leaming, Jr., Director

_____/s/_____
Michael J. Linsner, Director

_____/s/_____
John A. Skryd, Sr., Director