

UNITED STATES OF AMERICA
Before The
OFFICE OF THRIFT SUPERVISION

_____)	OTS Order No.: NE-09-25
In the Matter of)	
)	
DARLENE A. DEARY)	Effective Date: August 25, 2009
)	
Former Senior Vice President and Managing)	
Director of Columbia Home Loans, LLC,)	
and an Institution-Affiliated Party of)	
)	
OceanFirst Bank)	
Toms River, New Jersey)	
OTS Docket No. 01437)	
_____)	

ORDER TO CEASE AND DESIST

WHEREAS, the Office of Thrift Supervision (OTS) is of the opinion that grounds exist to initiate an administrative cease and desist proceeding against **Darlene A. Deary (Deary)**, the former Senior Vice President and Managing Director of Columbia Home Loans, LLC (Subsidiary), a wholly owned operating subsidiary of OceanFirst Bank, Toms River, New Jersey, OTS Docket No. 01437 (Association); and

WHEREAS, Deary has executed a Stipulation and Consent to Issuance of Order to Cease and Desist (Stipulation); and

WHEREAS, Deary, by execution of the Stipulation, has consented and agreed to the issuance of this Order to Cease and Desist (Order) by the OTS 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 an institution-affiliated party (IAP)¹ has consented to the issuance of an order.

NOW THEREFORE, IT IS ORDERED that:

Cease and Desist.

1. **Deary**, while at any time an IAP of an insured depository institution,² shall not engage in, participate in, counsel, or aid or abet in any unsafe or unsound practice, or breach any fiduciary duty, with respect to the operation or supervision of an insured depository institution, or violate any laws, rules or regulations governing the operation or supervision of any insured depository institution.

Corrective Actions.

2. Within one-hundred twenty (120) days, **Deary** shall successfully complete, from a nationally recognized third-party vendor, at least thirty-two (32) hours of training in order to effectively understand depository institution accounting practices, which shall include, but not be limited to, the application of Financial Accounting Standards Board Statement (FASB) 140, including its reporting requirements, as well as accounting for allowance for loan and lease losses (ALLL) allocations and the resulting reporting requirements.

3. Within ten (10) days of completion of the training required in Paragraph 2, **Deary** shall provide the Regional Director with a copy of a certificate of completion issued by the third-party vendor.

4. Within one-hundred twenty (120) days, **Deary** shall successfully complete, from a

¹ The term “institution-affiliated party” is defined at 12 U.S.C. § 1813(u).

nationally recognized third-party vendor, at least thirty-two (32) hours of training, in order to effectively understand the fiduciary duties and obligations of financial institution employees.

5. Within ten (10) days of completion of the training required in Paragraph 4, **Deary** shall provide the Regional Director with a copy of a certificate of completion issued by the third-party vendor.

6. **Deary** shall immediately provide her current employer with a copy of this Order.

7. While this Order is in effect, **Deary** shall, prior to accepting any position as an IAP of any institution or agency specified in 12 U.S.C. § 1818(e)(7)(A), provide the chief executive officer and the board of directors of such institution or agency with a copy of this Order.

8. Within ten (10) days after her acceptance of any position from an institution or agency specified in 12 U.S.C. § 1818(e)(7)(A), **Deary** shall provide written notice of such acceptance to the Regional Director, together with a written certification of her compliance with paragraph 7 of this Order.

Compliance.

9. **Deary** shall promptly respond to any request from the OTS for documents to demonstrate compliance with this Order.

Effective Date, Incorporation of Stipulation.

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

² The term “insured depository institution” is defined at 12 U.S.C. § 1813(c)(2).

Duration.

11. 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.

12. 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.

13. 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 **Deary** that includes reasons in support for any such extension. Any OTS extension shall be made in writing.

Submissions and Notices.

14. All submissions, including any certifications and notices, to the OTS that are required by or contemplated by this Order shall be submitted within the specified timeframes.

15. 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:

Michael E. Finn
Northeast Regional Director
Office of Thrift Supervision
Harborside Financial Center Plaza Five, Suite 1600
Jersey City, New Jersey 07311

(b) To **Deary**:

Darlene A. Deary
21 Huyler Drive
Hyde Park, New York 12538

No Violations Authorized.

16. Nothing in this Order or the Stipulation shall be construed as allowing **Deary** to violate any law, rule, or regulation.

IT IS SO ORDERED.

OFFICE OF THRIFT SUPERVISION

By: /s/ _____
Michael E. Finn
Regional Director, Northeast Region

Date: See Effective Date on page 1

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OceanFirst Bank)	
Toms River, New Jersey)	
OTS Docket No. 01437)	
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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 Northeast Region (Regional Director), and based upon information derived from the exercise of its regulatory responsibilities, has informed **Darlene A. Deary (Deary)**, the former Senior Vice President and Managing Director of Columbia Home Loans, LLC (Subsidiary), a wholly-owned operating subsidiary of OceanFirst Bank, Toms River, New Jersey, OTS Docket No. 01437 (Association), that the OTS is of the opinion that grounds exist to initiate an administrative proceeding against **Deary** pursuant to 12 U.S.C. § 1818(b);

WHEREAS, the Regional Director, pursuant to delegated authority, is authorized to issue cease and desist orders where an institution-affiliated party has consented; and

WHEREAS, **Deary** 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 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, 2 and 3 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. As the former Senior Vice President and Managing Director of the Subsidiary, **Deary** is deemed to be an “institution-affiliated party” of the Association, as that term is defined in 12 U.S.C. § 1813(u), and served in such capacity within six (6) years of the Effective Date as shown on the first page (see 12 U.S.C. § 1818(i)(3)).

3. 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 an institution-affiliated party. Therefore, **Deary** is subject to the authority of the OTS to initiate and maintain an administrative cease and desist proceeding against her pursuant to 12 U.S.C. § 1818(b).

OTS Findings of Fact.

4. The OTS finds that **Deary** failed to recognize the probable and estimable value of the loans to be repurchased by the Subsidiary and failed to establish, on the books of the Subsidiary, the fair value of the liabilities in conformance with Financial Accounting Standards Board (FASB) 140 and regulatory guidance, as well as Association policy. As a result of her failure to appropriately apply FASB 140 guidance on the inclusion of the probable and estimable value of

the loans to be repurchased from various institutional investors, **Deary** understated the Subsidiary's "other liabilities," which resulted in the filing of inaccurate financial statements by the Association, including its December 2006 Thrift Financial Report. Furthermore, in assisting in the preparation of the Subsidiary's budget for 2007, **Deary** failed to provide for a sufficient allowance for loan and lease losses allocation on the Subsidiary's books to reflect historical experiences adjusted for current trends, thereby resulting in the production of overly optimistic and inaccurate projections submitted to the Association.

Consent.

5. **Deary** consents to the issuance by the OTS of the accompanying Order to Cease and Desist (Order). **Deary** 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.

6. 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.

7. **Deary** waives the following:
- (a) the right to be served with a written notice of the OTS's charges against her 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.

8. Nothing in this Stipulation or accompanying Order shall inhibit, estop, bar, or otherwise prevent the OTS from taking any other action affecting **Deary** 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.

9. **Deary** acknowledges and agrees that her consent to the issuance of the Order is solely for the purpose of resolving the matters addressed herein, consistent with Paragraph 8 above, and does not otherwise release, discharge, compromise, settle, dismiss, resolve, or in any way affect any actions, charges against, or liability of **Deary** 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.

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

11. 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.

12. All references to the OTS in this Stipulation and the Order shall also mean any of the

OTS's predecessors, successors, and assigns.

13. 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.

14. 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.

15. 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.

WHEREFORE, Deary executes this Stipulation.

DARLENE E. DEARY

Accepted by:

OFFICE OF THRIFT SUPERVISION

By: _____/s/_____
Darlene A. Deary

By: _____/s/_____
Michael E. Finn
Regional Director, Northeast Region

Date: See Effective Date on page 1