

**UNITED STATES OF AMERICA**  
**Before The**  
**OFFICE OF THRIFT SUPERVISION**

_____	)	
In the Matter of	)	Order No.: NE-09-26
	)	
<b>CRAIG A. BAKER</b>	)	Effective Date: August 28, 2009
	)	
Executive Vice President	)	
and Institution Affiliated Party	)	
Domestic Bank	)	
Cranston, Rhode Island	)	
OTS Docket No. 13964	)	
_____	)	

**ORDER TO CEASE AND DESIST**

**WHEREAS**, Craig A. Baker (Respondent), has executed a Stipulation and Consent to the Issuance of an Order to Cease and Desist (Stipulation); and

**WHEREAS**, Respondent, by executing the Stipulation, has consented and agreed to the issuance of this Order of Cease and Desist (Order) by the Office of Thrift Supervision (OTS), pursuant to 12 USC § 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 has consented to the issuance of an order.

**NOW, THEREFORE, IT IS ORDERED that:**

1. Respondent shall refrain from engaging in, participating in, counseling or aiding and abetting in any unsafe or unsound practice, or breaching any fiduciary duty, with respect to any

federally insured depository institution, and refrain from violating any laws, rules or regulations of any federally insured depository institution.

2. Respondent is currently the Executive Vice President in charge of Retail Banking and Auto Lending and is therefore an “institution-affiliated party”, as the term is defined in 12 USC § 1813(u), of Domestic Bank (Association). Respondent shall provide a copy of this Order within five (5) days of receipt of the Order to the Association’s chief executive officer and shall provide a copy of this Order to the board of directors at its next regularly scheduled board meeting.

Respondent shall, within ten (10) days of each disclosure, provide written certification of his compliance with these disclosure obligations to the Regional Director.

3. Respondent, prior to embarking on new activities at the Association, shall inform and obtain a non-objection from the Regional Director. New activities are considered any activities not included in the written position description Respondent previously provided to the Regional Director and the Association’s chief executive officer.

4. Respondent shall provide bi-weekly written reports to the Association’s chief executive officer which will describe his activities as Executive Vice President in charge of Retail Banking and Auto Lending at the Association during that time frame. Respondent shall affirm in each written report that he is complying with the Order.

5. Any loan transaction in excess of \$50, 000 which Respondent approves shall be reviewed by either the Association’s chief executive officer or board.

6. Respondent shall, prior to accepting any offer of a position as an institution-affiliated party of any institution, or agency specified in 12 USC § 1818(e)(7)(A), provide the chief executive officer of such institution or agency with a copy of this Order along with a letter requesting that a copy of this Order be provided to the board of directors of such institution or

agency.

7. Within twenty (20) days after his acceptance of a position described in Paragraph 6, Respondent shall provide written notice of such acceptance to the Regional Director together with a written certification of his compliance with Paragraph 6 of this Order.

8. Respondent shall successfully complete thirty (30) hours of regulatory training per year for the first two years that this Order is in effect and thereafter shall complete ten (10) hours of regulatory training each additional year that this Order remains in effect. Respondent shall select such training courses from a nationally-recognized third party vendor on the subjects of internal controls and/or regulatory compliance. Within thirty (30) days after completion of such training, Respondent shall send a course description and certificate of completion to the Regional Director.

**Effective Date, Incorporation of Stipulation.**

8. 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.**

9. 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.**

10. 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.

11. The Regional Director, may extend any of the deadlines set forth in the provisions of this Order upon Respondent's written request that includes reasons in support for any such extension. Any OTS extension shall be made in writing.

**Submissions and Notices.**

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

13. 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 Michael E. Finn**  
**Northeast Region**  
**Harborside Financial Center**  
**Plaza Five**  
**Jersey City, New Jersey 07311**  
  
**Facsimile: (201) 413-7543**

**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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<b>CRAIG A. BAKER</b> )	Effective Date: August 28, 2009
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Executive Vice President and )	
Institution Affiliated Party )	
Domestic Bank )	
Cranston, Rhode Island )	
OTS Docket No. 13964 )	
_____ )	

**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 Craig A. Baker (Respondent), an institution-affiliated party of Domestic Bank, Cranston, Rhode Island, OTS Docket No. 13964 (Association), that OTS is of the opinion that grounds exist to initiate an administrative proceeding against Respondent pursuant to 12 USC § 1818(b);

**WHEREAS**, the Regional Director, pursuant to delegated authority, is authorized to issue Orders to Cease and Desist where an institution-affiliated party has consented to the issuance of an order; and

**WHEREAS**, Respondent desires to cooperate with OTS and 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 or the findings of fact or opinions and conclusions of OTS, but only admitting the statements and conclusions in Paragraph 1 below concerning Jurisdiction, hereby stipulates and agrees to the following terms:

**1. Jurisdiction.**

- a. The Association is a “savings association” within the meaning of 12 USC § 1813(b) and 12 USC § 1462(4). Accordingly, the Association is “an insured depository institution” as that term is defined in 12 USC § 1813(c); and
  - b. As an Executive Vice President of the Association, Respondent was an “institution-affiliated party” as defined in 12 USC § 1813(u); and
  - c. Pursuant to 12 USC § 1813(q), the Director of OTS is the “appropriate Federal banking agency” with jurisdiction to maintain an administrative enforcement proceeding against an institution-affiliated party of a savings association.
- Therefore, Respondent is subject to the authority of OTS to initiate and maintain an administrative cease and desist proceeding against him pursuant to 12 USC § 1818(b).

**2. OTS Findings of Fact.**

Respondent was employed as an Executive Vice President of the Association at all times pertinent to the events described herein. Based on information obtained by OTS through the exercise of its regulatory responsibilities, including the January 3, 2007 Report of Examination, OTS finds that Respondent engaged or participated in the following unsafe or unsound practices and violations of laws, regulations, or final order:

- a. 12 CFR § 563.161(a), in connection with the Association's Field Loan Originators (FLO) program, which was discontinued in March 2007 at the direction of OTS, with respect to prudently monitoring and overseeing activities related to this program and ensuring that the program complied with the regulation;
- b. Section 8 of the Real Estate Settlement Procedures Act, 12 USC §2607, and Housing and Urban Development (HUD) regulation thereunder at 24 CFR § 3500.14 in connection with payments to persons that OTS has determined were not employees;
- c. 12 CFR Part 570 Appendix A in connection with internal controls, fraud detection processes, compliance, and lending practices;
- d. Section 5 of the Federal Trade Commission Act, 15 USC § 45(a)(1), relating to the role of certain individuals involved in the FLO program; and
- e. OTS cease and desist order No. NE-05-01, Section 2, which restricted the Association's various activities and product-delivery mechanisms.

**3. Consent.**

Respondent consents to the issuance by OTS of the accompanying Order to Cease and Desist (Order). Respondent 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.

**4. Finality.**

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

1818(i).

**5. Waivers.**

Respondent waives the following:

- a. The right to be served with a written notice of OTS's charges against it as provided by 12 USC § 1818(b) and 12 CFR Part 509;
- b. The right to an administrative hearing of OTS's charges as provided by 12 USC § 1818(b) and 12 CFR Part 509;
- c. The right to seek judicial review of the Order, including, without limitation, any such right provided by 12 USC § 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.

**6. OTS Authority Not Affected.**

Nothing in this Stipulation or accompanying Order shall inhibit, estop, bar or otherwise prevent OTS from taking any other action affecting Respondent if at any time OTS deems it appropriate to do so to fulfill the responsibilities placed upon OTS by law. OTS agrees not to institute further proceedings against Respondent for the specific acts, omissions, or violations in the OTS Findings of Fact set forth in Paragraph 2 above to the extent known to OTS as of the Effective Date of the accompanying Order, unless such acts, omissions, or violations reoccur.

**7. Other Governmental Actions Not Affected.**

Respondent acknowledges and agrees that his consent to the issuance of the Order is

solely for the purpose of resolving the matters addressed herein, consistent with Paragraph 6 above, and does not otherwise release, discharge, compromise, settle, dismiss, resolve, or in any way affect any actions, charges against, or liability of Respondent that arise pursuant to this action or otherwise, and that may be or have been brought by any governmental entity other than OTS.

**8. Miscellaneous.**

- a. The laws of the United States of America shall govern the construction and validity of this Stipulation and of the Order;
- b. 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;
- c. All references to OTS in this Stipulation and the Order shall also mean any of the OTS's predecessors, successors, and assigns;
- d. 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;
- e. 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; and
- f. 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.

**WHEREFORE**, Respondent executes this Stipulation.

Accepted by:

**Craig A. Baker**

**OFFICE OF THRIFT SUPERVISION**

\_\_\_\_\_/s/\_\_\_\_\_  
Craig A. Baker

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

Date: See Effective Date on page 1