

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

|                                      |                              |
|--------------------------------------|------------------------------|
| _____ )                              |                              |
| In the Matter of )                   | Order No.: NE-10-16          |
| )                                    |                              |
| )                                    |                              |
| <b>AMERICAN EAGLE SAVINGS BANK</b> ) | Effective Date: July 6, 2010 |
| )                                    |                              |
| Boothwyn, Pennsylvania )             |                              |
| OTS Docket No. 07212 )               |                              |
| _____ )                              |                              |

**ORDER TO CEASE AND DESIST**

**WHEREAS**, American Eagle Savings Bank, Boothwyn, Pennsylvania, OTS Docket No. 07212 (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 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, employees, and agents shall cease and desist from any action (alone or with another or others) for or toward causing, bringing about,

participating in, counseling, or the aiding and abetting the unsafe or unsound banking practices that resulted in:

- (a) operating the Association with an inadequate level of capital protection for the volume, type and quality of assets held by the Association;
- (b) failing to accurately reflect the condition of the Association in Thrift Financial Reports (TFRs); and
- (c) failing to maintain accurate books and records.

2. The Association and its directors, officers, employees, and agents shall also cease and desist from any action (alone or with another or others) for or toward causing, bringing about, participating in, counseling, or the aiding and abetting violations of the following laws and regulations:

- (a) 12 C.F.R. § 562.1 (b) (failure to maintain accurate and complete records);
- (b) 12 C.F.R. § 562.2 (b)(1) (failure to file accurate and complete reports); and
- (c) 12 C.F.R. § 563.170(d) (pertaining to change in location of records).

**Capital.**

3. By August 1, 2010, the Association shall have and thereafter maintain a Tier 1 Leverage Capital Ratio equal to or greater than six percent (6 %) and a Total Risk-Based Capital Ratio equal to or greater than ten percent (10 %) after the funding of an adequate Allowance for Loan and Lease Losses (ALLL).

4. Within fifteen (15) days after (a) the Association fails to meet the capital requirements prescribed in Paragraph 3, or (b) any request from the Regional Director, the Association shall submit a written Contingency Plan that is acceptable to the Regional Director.

5. The Contingency Plan shall detail the actions to be taken, with specific time frames, to

achieve one of the following results by the later of the date of receipt of all required regulatory approvals or sixty (60) days after the implementation of the Contingency Plan: (a) merger with, or acquisition by, another federally insured depository institution or holding company thereof; or (b) voluntary liquidation by filing an appropriate application with the OTS in conformity with federal laws and regulations.

6. Upon receipt of notification from the Regional Director, the Association shall implement the Contingency Plan immediately. The Association shall provide the Regional Director with written status reports detailing the Association's progress in implementing the Contingency Plan by no later than the first (1<sup>st</sup>) and fifteenth (15<sup>th</sup>) of each calendar month following implementation of the Contingency Plan.

**Financial Reporting.**

7. Effective immediately, the Association shall adopt and implement additional processes and controls to ensure that timely and accurate general ledger and account reconciliations are made consistent with regulatory guidance.

8. Effective immediately, the Association shall ensure that its financial reports and statements are timely and accurately prepared and filed in compliance with applicable laws, regulations, and guidelines including, but not limited to, 12 C.F.R. Part 562 and the Thrift Financial Report (TFR) Instructions.

**Records Maintenance.**

9. Effective immediately, the Association shall ensure that the Association's general accounting or control records are maintained in compliance with applicable laws, regulations and guidance, including, but not limited to, compliance with the requirements of 12 C.F.R. § 563.170(d).

**Severance and Indemnification Payments.**

10. Effective immediately, the Association shall not make any golden parachute payment<sup>1</sup> or any prohibited indemnification payment<sup>2</sup> unless, with respect to each such payment, the Association has complied with the requirements of 12 C.F.R. Part 359 and, as to indemnification payments, 12 C.F.R. § 545.121.

**Directorate and Management Changes.**

11. Effective immediately, the Association shall comply with the prior notification requirements for changes in directors and Senior Executive Officers<sup>3</sup> set forth in 12 C.F.R. Part 563, Subpart H.

**Brokered Deposits.**

12. Effective immediately, the Association shall comply with the requirements of 12 C.F.R. § 337.6(b).

**Growth.**

13. Effective immediately, 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 prior quarter without the prior written notice of non-objection of the Regional Director.

**Effective Date, Incorporation of Stipulation.**

14. 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.

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<sup>1</sup> The term “golden parachute payment” is defined at 12 C.F.R. § 359.1(f).

<sup>2</sup> The term “prohibited indemnification payment” is defined at 12 C.F.R. § 359.1(l).

<sup>3</sup> The term “Senior Executive Officer” is defined at 12 C.F.R. § 563.555.

**Duration.**

15. 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.**

16. 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.

17. 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.**

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

19. 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  
Regional Director, Northeast Region  
Attn: Joseph J. Donohue, Assistant Director  
Office of Thrift Supervision  
Harborside Financial Center Plaza Five  
Suite 1600  
Hudson and Pearl Streets  
Jersey City, New Jersey 07311

(b) To the Association:  
Thomas V. Stress  
Chairman and President  
American Eagle Savings Bank  
3915 Chichester Avenue  
P.O. Box 2188  
Boothwyn, Pennsylvania 19061-2188

**No Violations Authorized.**

20. 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/  
Michael E. Finn  
Regional Director, Northeast Region

Date: See Effective Date on page 1

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

|                                    |   |   |                              |
|------------------------------------|---|---|------------------------------|
| In the Matter of                   | ) | ) | Order No.: NE-10-16          |
|                                    | ) | ) |                              |
| <b>AMERICAN EAGLE SAVINGS BANK</b> | ) | ) | Effective Date: July 6, 2010 |
| Boothwyn, Pennsylvania             | ) | ) |                              |
| OTS Docket No. 07212               | ) | ) |                              |

**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 American Eagle Savings Bank, Boothwyn, Pennsylvania, OTS Docket No. 07212 (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 its October 13, 2009 examination of the Association, the OTS finds that the Association has engaged in unsafe or unsound banking practices, including:

- (a) operating the Association with an inadequate level of capital protection for the volume, type and quality of assets held by the Association;
- (b) failing to accurately reflect the condition of the Association in Thrift Financial Reports (TFRs); and
- (c) failing to maintain accurate books and records.

and/or has violated various laws and regulations, including:

- (a) 12 C.F.R. § 562.1 (b) (failure to maintain accurate and complete records);
- (b) 12 C.F.R. § 562.2 (b)(1) (failure to file accurate and complete reports); and
- (c) 12 C.F.R. § 563.170(d) (pertaining to change in location of records).

**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. A copy of the Board Resolution authorizing execution of this Stipulation shall be delivered to the OTS, along with the executed original(s) of this Stipulation.

**[Remainder of Page Intentionally Left Blank]**

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

Accepted by:

**AMERICAN EAGLE SAVINGS BANK**  
Boothwyn, Pennsylvania

**OFFICE OF THRIFT SUPERVISION**

By: \_\_\_\_\_ /s/ \_\_\_\_\_  
James Kogut, Director

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

\_\_\_\_\_/s/\_\_\_\_\_  
Roseanne M. Kozak, Director

Date: See Effective Date on page 1

\_\_\_\_\_/s/\_\_\_\_\_  
James A. Przedzial, Director

\_\_\_\_\_/s/\_\_\_\_\_  
Martin J. Stetina, Director

\_\_\_\_\_/s/\_\_\_\_\_  
Stanley M. Stetina, Director

\_\_\_\_\_/s/\_\_\_\_\_  
Thomas V. Stress, Director