

UNITED STATES OF AMERICA
Before The
OFFICE OF THRIFT SUPERVISION

In the Matter of)	OTS Order No.: DC-10-014
)	
DANIEL J. MASSARELLI)	Effective Date: July 15, 2010
)	
Former Chairman of the Board of Directors)	
And Institution-Affiliated Party of)	
)	
PAMRAPO SAVINGS BANK, SLA)	
Bayonne, New Jersey)	
OTS Docket No. 05584)	

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 Daniel J. Massarelli (Massarelli), former Chairman of the Board of Directors at Pamrapo Savings Bank, SLA, Bayonne, New Jersey, OTS Docket No. 05584 (Association); and

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

WHEREAS, Massarelli, 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 Deputy Director of Examinations, Supervision and Consumer Protection (Deputy 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. Massarelli, 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 violations of law and/or regulation, unsafe or unsound practice, and/or breach any fiduciary duty.

Corrective Actions.

2. Prior to accepting any position as an IAP of any institution specified in 12 U.S.C. § 1818 (e)(7)(A), Massarelli shall successfully complete at least one hundred twenty (120) hours of training that focuses on best industry practices concerning: (a) BSA/AML training that, at a minimum, covers the importance of BSA/AML regulatory requirements, the ramifications of non-compliance with BSA/AML regulatory requirements, and the risks posed to the Association in the event of noncompliance with the BSA/AML regulatory requirements (minimum forty (40) hours); (b) ethics training that specifically focuses on the fiduciary duties and obligations of financial institution employees, officers and directors (minimum forty (40) hours); and (c) accurate reporting to a board of directors and to regulatory agencies, in order to effectively understand and thereafter apply such best industry practices. Such training shall be conducted by third-party vendors acceptable to the Deputy Director.

3. Within ten (10) days of completion of the training required in Paragraph 2, Masarelli

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

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

shall provide the Deputy Director with a copy(ies) of a certificate(s) of completion issued by the third-party vendor(s) of the training required in Paragraph 2.

Notifications.

4. While this Order is in effect, Massarelli 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.

5. Within ten (10) days after his acceptance of any position from an institution or agency specified in 12 U.S.C. § 1818(e)(7)(A), Massarelli shall provide written notice of such acceptance to the Deputy Director, together with a written certification of his compliance with paragraph 4 of this Order.

Compliance.

6. Massarelli shall promptly respond to any request from the OTS for documents to demonstrate compliance with this Order.

Effective Date, Incorporation of Stipulation.

7. 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.

Duration.

8. 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.

9. 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.

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

Submissions and Notices.

11. 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.

12. 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
Thomas A. Barnes
Deputy Director of Examinations, Supervision and Consumer Protection
Office of Thrift Supervision
1700 G Street, N.W.
Washington, DC 20552

(b) To: Daniel J. Massarelli
876 Kennedy Boulevard
Apartment B-2
Bayonne, New Jersey 07002

No Violations Authorized.

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Bayonne, New Jersey)	
OTS Docket No. 05584)	
_____)	

STIPULATION AND CONSENT TO THE ISSUANCE OF AN
ORDER TO CEASE AND DESIST

WHEREAS, the Office of Thrift Supervision (OTS), acting by and through its Deputy Director, Examinations, Supervision and Consumer Protection (Deputy Director) and based upon information derived from the exercise of its regulatory and supervisory responsibilities, has informed Daniel J. Massarelli (Massarelli), Chairman of the Board of Directors at Pamrapo Savings Bank, SLA, Bayonne, New Jersey, OTS Docket No. 05584 (Association), that grounds exist to initiate an administrative cease and desist proceeding against him pursuant to 12 U.S.C. § 1818(b); and

WHEREAS, the Deputy Director, pursuant to delegated authority, is authorized to issue Orders to Cease and Desist where the individual has consented to the issuance of an order; and

WHEREAS, Massarelli desires to cooperate with the 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 an 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 the OTS, but only admitting the statements and conclusions in Paragraphs 1, 2, and 3 below concerning jurisdiction, hereby stipulates and agrees to the following:

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. Massarelli is the Chairman of the Board of Directors of the Association and is an “institution-affiliated party” as 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 cease and desist proceeding against savings associations and institution-affiliated parties. Therefore, Massarelli is subject to the jurisdiction of the OTS to initiate and maintain an administrative cease and desist proceeding against him pursuant to 12 U.S.C. § 1818(b).

OTS Findings of Fact.

4. Massarelli was the Chairman of the Board of Directors of the Association at all times pertinent to the events described herein. The OTS finds that Massarelli, as Chairman of the Board of Directors, failed to exercise adequate Board supervision over and provide adequate

direction to management of the Association that resulted in failure to implement effective BSA/AML and compliance programs at the Association despite knowledge of the deficiencies in the programs over an extended period of time, and by failing to conduct adequate inquiry before approving the settlement agreement with Brian Campbell and the proposed sale of Pamrapo Service Corporation.

5. Massarelli failed to ensure, among other things, that (i) the Association disciplined or otherwise took action against employees for deliberate non-compliance with BSA/AML procedures; (ii) the Association had programs and policies and procedures in place that would allow the Association to detect and timely report check kiting activities; and (iii) the Association address coding and training deficiencies identified in audit reports and other BSA/AML deficiencies detected by the State of New Jersey and the OTS.

6. In addition, Massarelli recklessly failed to conduct adequate inquiry and identify conflict of interests when he approved a settlement agreement and retroactive salary arrangement with Brian Campbell, and approved the proposed sale of Pamrapo Service Corporation to Mr. Campbell.

7. Accordingly, pursuant to 12 U.S.C. § 1818(b), Massarelli has engaged in unsafe or unsound practices in conducting the affairs of an insured depository institution, and/or has violated a law, rule, or regulation.

Consent.

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

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

Waivers.

10. Massarelli waives the following:

- (a) the right to be served with a written notice of the OTS's charges against him 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 against him/her 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 the OTS enforcement matter and/or the Order, whether arising under common law, federal statutes or otherwise.

OTS Authority Not Affected.

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

12. Massarelli 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 11 above, and does not otherwise release, discharge, compromise, settle, dismiss, resolve, or in any way affect any actions, charges against, or liability of Massarelli that arise pursuant to this action or otherwise, and that may be or have been brought by any governmental entity other than the OTS.

Agreement for Continuing Cooperation.

13. Massarelli agrees that he will fully cooperate with the OTS including, but not limited to, at the OTS's written request, on reasonable notice and without service of subpoena, providing discovery and testifying truthfully at any deposition, or at any judicial or administrative proceeding related to any investigation, litigation, or other proceeding brought by the OTS or other appropriate federal banking agency, relating to Pamrapo or its service corporations, holding company, subsidiaries, or institution-affiliated parties.

Miscellaneous.

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

15. 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 Deputy Director in his or her sole discretion determines otherwise.

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

17. 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.

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

19. This Stipulation and the Order shall remain in effect until terminated, modified, or suspended in writing by the OTS, acting through its Deputy Director, or other authorized representative.

