

UNITED STATES OF AMERICA
Before The
OFFICE OF THRIFT SUPERVISION

_____)	
In the Matter of)	Order No.: DC-10-013
)	
DANIEL J. MASSERELLI)	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 OF ASSESSMENT OF A CIVIL MONEY PENALTY

WHEREAS, Daniel J Masserelli (Massarelli) has executed a Stipulation and Consent to the Issuance of an Order of Assessment of a Civil Money Penalty (Stipulation); and

WHEREAS, Masserelli, by executing the Stipulation, has consented and agreed to the issuance of this Order of Assessment of Civil Money Penalty (Order) by the Office of Thrift Supervision (OTS), pursuant to 12 U.S.C. § 1818(i); and

WHEREAS, pursuant to delegated authority, the Deputy Director of Examinations, Supervision and Consumer Protection is authorized to issue Orders of Assessment of a Civil Money Penalty where an institution-affiliated party has consented to the issuance of an Order.

NOW, THEREFORE, IT IS ORDERED that:

UNITED STATES OF AMERICA
Before The
OFFICE OF THRIFT SUPERVISION

_____)	
In the Matter of)	Order No.: DC-10-013
)	
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)	
_____)	

**STIPULATION AND CONSENT TO THE ISSUANCE OF
AN ORDER OF ASSESSMENT OF A CIVIL MONEY PENALTY**

WHEREAS, the Office of Thrift Supervision (OTS), acting by and through its Deputy Director of 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 or Respondent), director and institution-affiliated party of Pamrapo Savings Bank, SLA, Bayonne, New Jersey, OTS Docket No. 05584 (Pamrapo or Association), that grounds exist to initiate a civil money penalty assessment proceeding against him pursuant to 12 U.S.C. § 1818(i); and

WHEREAS, the Deputy Director, pursuant to delegated authority, is authorized to issue Orders of Assessment of a Civil Money Penalty where an institution-affiliated party has consented to the issuance of an order; and

WHEREAS, Massarelli desires to cooperate with the OTS to avoid the time and expense of an administrative civil money penalty proceeding by entering into this Stipulation and Consent to the Issuance of an Order of Assessment of a Civil Money Penalty (Stipulation), 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 as follows:

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 a director of the Association, Massarelli 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” to initiate and maintain a civil money penalty proceeding against Massarelli pursuant to 12 U.S.C. § 1818(i).

OTS Findings of Fact.

4. The OTS finds that Massarelli has breached his fiduciary duty to the Association and/or recklessly engaged in unsafe or unsound practices, by allowing the Association to postpone the implementation of effective BSA/AML and compliance programs despite knowledge of 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. As Chairman of the Board of Directors, Massarelli recklessly failed to ensure, among other things, (i) that the Association disciplined or otherwise took action against employees for non-compliance with bank operating procedures, specifically, required BSA/AML procedures; (ii) that the Association had programs, policies, and procedures in place that would allow the Association to detect, and once detected, timely report, certain check-kiting activities that occurred between March 2005 and September 2006, and (iii) that the Association promptly correct coding and training deficiencies identified in internal 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. As a result of these breaches of Massarelli's fiduciary duty to the Association and/or unsafe or unsound practices, Massarelli recklessly engaged in a pattern of misconduct and/or has caused more than a minimal loss to the Association.

Consent.

8. Massarelli consents to the issuance by the OTS of the accompanying Order of Assessment of a Civil Money Penalty (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. This Stipulation is issued by the OTS under the authority of 12 U.S.C. § 1818(i). 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 assessment of a civil money penalty against him as provided by 12 U.S.C. § 1818(i) and 12 C.F.R. Part 509;
- (b) the right to an administrative hearing including, without limitation, any such right provided by 12 U.S.C. §§ 1818(h) or 1818(i);
- (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 1818(i), or otherwise to challenge the validity of the Order;
- (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; and
- (e) the right to assert this proceeding, this consent to the issuance of the Order, and/or the issuance of the Order, the payment of any monies, or the provision of any other financial relief as contemplated by the Order, as the basis for a claim of double jeopardy in any pending or future proceeding brought by the United States Department of Justice or any other governmental entity.

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. The OTS agrees not to institute further proceedings against Massarelli for the specific acts, omissions, or violations in the Findings of Fact set forth in Paragraph 4-7 above to the extent known to the OTS as of the Effective Date of the accompanying Order, unless such acts, omissions, or violations reoccur.

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

