

UNITED STATES OF AMERICA
Before the
OFFICE OF THRIFT SUPERVISION

_____)	
In the Matter of)	Order No.: NE-11-08
)	
)	
ABACUS FEDERAL SAVINGS BANK)	Effective Date: February 16, 2011
)	
New York, New York)	
OTS Docket No.08059)	
_____)	

ORDER TO CEASE AND DESIST

WHEREAS, Abacus Federal Savings Bank, New York, New York, OTS Docket No. 08059 (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, its institution-affiliated parties,¹ and its successors and assigns, shall cease and desist from any action (alone or with 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 loan underwriting and/or credit administration and documentation policies, procedures, systems and controls that are inadequate for the complexity of and risk inherent in the Association's loan portfolio and loans originated for sale;
- (b) operating the Association with management whose policies and practices are detrimental to the Association and jeopardize the safety of its deposits;
- (c) operating the Association with a Board of directors that has failed to exercise adequate supervision over and provide adequate direction to management of the Association to prevent unsafe or unsound banking practices and violations of laws or regulations;
- (d) operating the Association in violation of applicable laws and regulations;
- (e) operating the Association with inadequate internal review policies or procedures or internal routines and controls; and
- (f) engaging in unsafe and unsound lending practices.

2. The Association, its institution-affiliated parties, and its successors and assigns, shall also cease and desist from any action (alone or with others) for or toward causing, bringing about, participating in, counseling, or the aiding and abetting violations of the following laws and

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

regulations:

- (a) 12 C.F.R. § 563.177(c)(1) (regarding maintenance of a system of internal controls to assure ongoing compliance with Bank Secrecy Act and Anti Money Laundering (BSA/AML) regulations);
- (b) 12 C.F.R. § 563.177(c)(2) (requiring independent testing to ensure ongoing compliance with BSA/AML regulations);
- (c) 12 C.F.R. § 563.177(c)(3) (requiring designated individual to be responsible for coordinating and monitoring day-to-day compliance with BSA/AML regulations);
- (d) 12 C.F.R. § 563.177(c)(4) (requiring training for appropriate personnel to ensure compliance with BSA/AML regulations);
- (e) 12 C.F.R. § 563.180(d)(3)) (regarding filing of suspicious activity reports (SARs) for potential money laundering or violations of the BSA/AML regulations);
- (f) 12 C.F.R. § 560.130 (regarding prohibition of loan procurement fees);
- (g) 12 C.F.R. § 559.10 (regarding maintaining separate corporate records); and
- (h) 24 C.F.R. § 3500.14(b) (regarding prohibition against kickbacks and unearned fees).

Board Oversight of Compliance with Order

3. Within thirty (30) days, the Board shall designate a committee to monitor and coordinate the Association's compliance with the provisions of this Order and the completion of all corrective actions required in the OTS Report of Examination of the Association as of April 19,

2010 (2010 ROE) (Oversight Committee). The Oversight Committee shall be comprised of three (3) or more directors, all of whom shall be independent² directors.

4. Within thirty (30) days after the end of each quarter, beginning with the quarter ending March 31, 2011, the Oversight Committee shall submit a written compliance progress report to the Board (Compliance Tracking Report). The Compliance Tracking Report shall, at a minimum:

- (a) separately list each corrective action required by this Order and the 2010 ROE;
- (b) identify the required or anticipated completion date for each corrective action; and
- (c) discuss the current status of each corrective action, including the action(s) taken or to be taken to comply with each corrective action, and the method used to verify that each action was taken.

5. Within thirty (30) days after the end of each quarter, beginning with the quarter ending March 31, 2011, the Board shall review the Compliance Tracking Report and all reports required to be prepared by this Order. Following its review, the Board shall adopt a resolution: (a) certifying that each director has reviewed the Compliance Tracking Report and all required reports; and (b) documenting any corrective actions adopted by the Board. A copy of the

² For purposes of this Order, an individual who is “independent” with respect to the Association shall be any individual who: (a) is not employed in any capacity by the Association, its subsidiaries, or its affiliates, other than as a director; (b) does not own or control more than ten percent (10%) of the outstanding shares of the Association or any of its affiliates; (c) is not related by blood or marriage to any officer or director of the Association or any of its affiliates, or to any shareholder owning more than ten percent (10%) of the outstanding shares of the Association or any of its affiliates, and who does not otherwise share a common financial interest with any such officer, director or shareholder; (d) is not indebted, directly or indirectly, to the Association or any of its affiliates, including the indebtedness of any entity in which the individual has a substantial financial interest; and (e) has not served as a consultant, advisor, underwriter, or legal counsel to the Association or any of its affiliates.

Compliance Tracking Report and the Board resolution shall be provided to the Regional Director³ within ten (10) days after the Board meeting.

6. Nothing contained herein shall diminish the responsibility of the entire Board to ensure the Association's compliance with the provisions of this Order. The Board shall review and adopt all policies and procedures required by this Order prior to submission to the OTS.

Management and Directorate Oversight.

7. Within thirty (30) days, the Board shall retain an independent third-party acceptable to the Regional Director to conduct a management review as outlined in Paragraph 8 (Management Study).

8. The Management Study shall be completed within sixty (60) days after the Association has received notice of non-objection of the third-party from the Regional Director, and, at a minimum, shall include:

(a) evaluation of the skills and experience of each Senior Executive Officer⁴ and each middle-level manager and/or department head to determine if each of these individuals possess the experience and other qualifications required to perform the present and anticipated duties of the position;

(b) evaluation of the performance of the Association's current Senior Executive Officers and members of the Board of Directors, including an assessment of whether compensation is commensurate with job duties and responsibilities in compliance with 12 C.F.R. § 563.161(b);

³ References to the "Regional Director" shall include his authorized designee.

⁴ The term "Senior Executive Officer" is defined at 12 C.F.R. § 563.555.

- (c) assessment of each Senior Executive Officer's current duties and responsibilities to determine if there is a need for additional executive management or a change in position responsibilities;
- (d) identification of present and future staffing requirements for each business line of the Association commensurate with the Association's Business Plan;
- (e) evaluation of the compensation structure for all employees including non-commission and commission based employees;
- (f) establishment of quantitative and qualitative standards by which the effectiveness of Senior Executive Officers will be measured;
- (g) assessment of the adequacy of communication between Senior Executive Officers and the Board, and of the quality and timeliness of reports to the Board;
- (h) evaluation of the structure of the Board and all Board committees to determine if there is sufficient corporate governance and involvement by the independent directors;
- (i) evaluation of all operational areas of the Association to determine if work flow, responsibilities, and delegation of authority are adequate to ensure the Association is operating in a safe or sound manner; and
- (j) assessment of whether the capabilities of executive management at the Association would be enhanced by the addition of a Chief Operating Officer to assume responsibility for the day-to-day operations of the Association.

9. Within five (5) days of completion of the Management Study, a copy of the Management Study shall be forwarded simultaneously to the Board and to the Regional Director.

10. Within thirty (30) days of completion of the Management Study, the Board shall submit to the Regional Director a written plan to address any identified weaknesses or deficiencies noted

in the Management Study and to address any corrective actions set forth in the 2010 ROE relating to management and directorate oversight (Management Plan).

11. The submission to the Regional Director shall include a copy of the Board meeting minutes reflecting the Board's review of and actions taken with respect to the Management Study.

Business Plan.

12. Within sixty (60) days, the Association shall submit an updated comprehensive business plan for the time period of January 1, 2011 to December 31, 2013 (Business Plan) that is acceptable to the Regional Director and addresses all corrective actions in the 2010 ROE relating to the Association's Business Plan. The Business Plan shall conform to applicable laws, regulations and regulatory guidance.

13. Upon receipt of written notification from the Regional Director that the Business Plan is acceptable, the Association shall implement and adhere to the Business Plan. A copy of the Business Plan and the Board meeting minutes reflecting the Board's adoption thereof shall be provided to the Regional Director within ten (10) days after the Board meeting.

Consumer Compliance Program.

14. Within thirty (30) days, the Association shall revise its written consumer compliance program (Compliance Program) to address all corrective actions set forth in the 2010 ROE relating to consumer compliance. The Association's Compliance Program shall comply with all applicable consumer and other compliance laws, regulations, and regulatory guidance

(Compliance Laws and Regulations)⁵ and be appropriate for the Association's size, complexity, product lines and business operations.

15. The Board's review of the Compliance Program shall be documented in the Board meeting minutes. A copy of the adopted Compliance Program shall be provided to the Regional Director within ten (10) days of adoption by the Board.

BSA/AML Compliance Program.

16. Within thirty (30) days, the Association shall revise its policies, procedures and systems related to the BSA/AML regulations (BSA/AML Compliance Program) to comply with all applicable laws, regulations and regulatory guidance.⁶ The Association's BSA/AML Compliance Program shall address all corrective actions set forth in the 2010 ROE and, at a minimum, provide for:

- (a) Annual Review - a review of the Association's BSA/AML Compliance Program on an annual basis to determine whether changes in such program may be necessary to adjust to changes in: (i) the BSA/AML Laws and Regulations, and (ii) the Association's operations that may impact its compliance with the BSA/AML Laws and Regulations;
- (b) BSA/AML Compliance Officer - a full-time officer or employee who shall be: (i) designated as the Association's BSA/AML Compliance Officer; and (ii) actively managing, coordinating and monitoring the Association's day-to-day compliance with the BSA/AML Laws and Regulations and the Association's BSA/AML Compliance

⁵ The term "consumer and other compliance laws, regulations and regulatory guidance" includes all laws and regulations referenced in Section 1100 (Compliance Oversight Examination Program) of the OTS Examination Handbook.

⁶ BSA/AML laws, regulations, and regulatory guidance include, but are not limited to, the Currency and Foreign Transactions Reporting Act, as amended by the USA PATRIOT Act and other laws (the Bank Secrecy Act or BSA), 31 USC §§ 5311 et seq., and the related regulations issued and/or administered by the U.S. Department of the Treasury's Financial Crimes Enforcement Network (FinCEN), 31 CFR §§ 103.11 et seq., and the related BSA regulations issued by OTS, 12 CFR § 563.177 (collectively the BSA Laws and Regulations).

Program. The BSA/AML Compliance Officer shall have sufficient authority, expertise, and resources to perform his or her assigned BSA/AML responsibilities;

(c) Training - annual BSA/AML training for all Association personnel, including providing enhanced BSA/AML training to the BSA/AML Compliance Officer and his or her staff and all loan personnel to ensure they have knowledge of the specific BSA/AML risks in the lending area. Further, the Association shall provide BSA/AML training for the Board that, at a minimum, covers the importance of the BSA/AML Laws and Regulations, the ramifications of noncompliance with such laws and regulations, and the risks posed to the Association by noncompliance. The Association shall maintain documentation of all BSA/AML training, including but not limited to, materials sufficient to identify the dates the training was conducted, the topics covered and the attendees;

(d) Independent Testing - an independent test of its BSA/AML Compliance Program by a qualified independent employee or independent third party by February 28, 2011 to ensure the Association's compliance with all applicable BSA/AML Laws and Regulations (BSA Independent Testing). BSA Independent Testing must be: (i) performed with an appropriate level of frequency per applicable regulations; (ii) fully documented; and (iii) conducted with an appropriate segregation of duties;

(e) Internal Controls - a system of internal controls to comply with the BSA/AML Laws and Regulations and the SAR Regulations. Such internal controls must include written policies, procedures, and processes to monitor all transactions: (i) for full compliance with all applicable laws and regulations; and (ii) to timely report any suspicious transactions and activity;

(f) BSA/AML Risk Assessment - a thorough assessment of the Association's BSA/AML risk exposure (the BSA/AML Risk Assessment), based upon the specific products, services, customers, entities, and geographic locations of the Association that may expose it to money laundering, terrorism financing, or other illegal activities, taking into consideration information collected from the Association's customer identification policies, procedures and processes (CIP Policy) and customer due diligence process (CDD). The BSA/AML Assessment shall include a review of all mortgage loan originations and related deposit accounts/customers; and

(g) SARs - a system to ensure that all transactions are reviewed and that all suspicious transactions and activity are reported to FinCEN pursuant to 31 C.F.R. § 103.18 and 12 C.F.R. § 563.180(d). The Association shall monitor, assess, and review the effectiveness of its investigative procedures related to suspicious transactions and activity (including mortgage loan originations and related deposit accounts/customers) and its rationale to file, or not file, a Suspicious Activity Report (SAR). The Association shall maintain documentation for all filed SARs and decisions made to not file a SAR.

17. Within thirty (30) days, the Board shall provide the revised BSA/AML Compliance Program to the Regional Director for review. Within thirty (30) days of receipt of any comments from the Regional Director, the Board shall incorporate the comments into and implement the revised BSA/AML Compliance Program.

Look Back Review.

18. Within thirty (30) days, the Association shall conduct a review of all deposit accounts in which funds from those accounts were used to fund down payments and/or closing costs associated with the Association's mortgage lending activity in existence during the time period

of January 1, 2008 through June 30, 2010 that have been identified by the Association's automated suspicious activity detection program (Relevant Relationships) to ensure that all suspicious activity has been identified and addressed. The Association shall submit a written report (Look Back Report) to the Board that, at a minimum:

- (a) identifies and provides details for all Relevant Relationships that were or are not in compliance with the BSA/AML Regulations; and
- (b) sets forth the corrective actions taken, or to be taken, including the filing of a SAR where warranted, with respect to each Relevant Relationship identified.

19. Within sixty (60) days, the Association shall implement all corrective actions to ensure that all Relevant Relationships noted in the Look Back Report comply with the BSA/AML Laws and Regulations.

20. A copy of the Look Back Report shall be provided to the Regional Director within ten (10) days of its review by the Board.

Audit Committee.

21. Within thirty (30) days, the Association shall address all corrective actions set forth in the 2010 ROE relating to the Audit Committee, ensure that a properly functioning, independent and fully effective Audit Committee is maintained in conformance with all applicable laws, regulations and regulatory guidance, and require that Audit Committee meetings and discussions, including those in executive session, are fully documented and periodically reviewed by the Board.

22. Within thirty (30) days, the Association shall revise its Audit Committee Charter and submit a copy to the Regional Director for review and non-objection. Upon written notification that the Audit Committee Charter is acceptable, the Association shall implement and adhere to

the Audit Committee Charter. At a minimum, the revised Audit Committee Charter shall require that:

- (a) the internal auditor report directly to the Audit Committee to ensure an independent reporting process;
- (b) by February 28, 2011, and annually thereafter, the Audit Committee perform a comprehensive written risk assessment of all operating areas of the Association, including the lending area, to ensure that appropriate audit coverage is in place (Risk Assessment). By March 31, 2011, and annually thereafter, the Audit Committee shall submit a written report to the Board detailing the findings and recommendations of the of the Risk Assessment;
- (c) based upon the Risk Assessment, the Audit Committee oversee the completion of quarterly, beginning with the quarter ending March 31, 2011, internal audit reviews of the Association's operations. By no later than thirty (30) days following the end of each quarter, the Internal Auditors shall prepare a written report (Audit Report) for the Audit Committee which shall discuss, at a minimum, the scope of the review conducted during the previous quarter, any deficiencies noted during the review (including violations of this Order), and the response of management to the deficiencies or violations; and
- (d) by February 28, 2011, the Audit Committee develop a monitoring system to track all corrective action open items noted in the Audit Report.

23. A copy of the adopted revised Audit Committee Charter shall be provided to the Regional Director within ten (10) days of adoption of the Audit Committee Charter by the Board.

Internal Controls.

24. Within sixty (60) days, the Board shall review the findings and recommendations of the independent entities that conducted assessments of the Association's internal controls and operations and shall prepare a report (Internal Control Review) that details the findings, assesses the cause of the breakdown in internal controls, and outlines all corrective actions to be taken by management to prevent a future breakdown in internal controls.

25. A copy of the Internal Control Review shall be provided to the Regional Director within ten (10) days of review by the Board.

Loan Underwriting and Credit Administration.

26. Within thirty (30) days, the Association shall revise its loan underwriting and/or credit administration policies, procedures, practices, and controls (Loan Underwriting and Credit Administration Policy) so that it is acceptable to the Regional Director and addresses all corrective actions in the 2010 ROE relating to loan underwriting and/or credit administration. The Loan Underwriting and Credit Administration Policy shall comply with applicable laws, regulations and regulatory guidance and, at a minimum, shall:

- (a) establish income documentation requirements for all borrowers that demonstrate the borrower's ability to meet all contractual debt service obligations from current, verified net income and cash flow;
- (b) establish written policies and procedures for verifying the source and validity of loan down payments and use of gift letters; and

- (c) establish a closing review process to ensure that all lending policies and procedures are followed and all required loan documentation is complete.

27. The Board's review of the Loan Underwriting and Credit Administration Policy shall be documented in the Board meeting minutes. A copy of the Loan Underwriting and Credit Administration Policy shall be provided to the Regional Director within ten (10) days of adoption by the Board.

Management and Oversight of Association - Ethics.

28. Within thirty (30) days, the Association shall review its written code of ethics policy (Ethics Review) and revise its ethics policy (Ethics Policy) to ensure that it addresses all corrective actions set forth in the 2010 ROE relating to employees' professional ethics requirements and responsibilities. The Association shall submit the findings of the Ethics Review to the Board along with recommendations with respect to the establishment of procedures that, at a minimum:

- (a) require annual formal ethics training for every employee;
- (b) require every employee to attest on an annual basis to their compliance with the Association's Ethics Policy;
- (c) require prompt reporting of any ethics incident or breach to the Board; and
- (d) require an action plan for addressing any ethics incident or breach by an employee of the Association.

29. The Board shall review and discuss the findings of the Ethics Review at its next regularly scheduled Board meeting and the discussion of the Ethics Review shall be documented in the Board meeting minutes. A copy of the Ethics Review and the associated Board meeting minutes,

and the Association's revised Ethics Policy, shall be provided to the Regional Director within five (5) days of the meeting at which the Ethics Review was discussed.

Liquidity Management.

30. Effective immediately, the Association shall implement and maintain compliance with its revised liquidity and funds management plan (Liquidity Management Plan) to address all corrective actions set forth in the 2010 ROE relating to liquidity and funds management. The Liquidity Management Policy shall comply with all applicable laws, regulations and regulatory guidance and shall include a Contingency Funding Plan, which shall be updated monthly.

31. The Board's monthly review of compliance with the Liquidity Management Plan shall be documented in the Board meeting minutes.

Violations of Law.

32. Effective immediately, the Association shall ensure that all violations of law and/or regulation discussed in the 2010 ROE are corrected and that adequate policies, procedures and systems are established or revised and thereafter implemented to prevent future violations.

Effective Date, Incorporation of Stipulation.

33. 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.

34. 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.

35. 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.

36. 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.

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

38. 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
Attn: Thomas Angstadt, Assistant Director
Office of Thrift Supervision
Harborside Financial Center Plaza Five
Suite 1600
Jersey City, New Jersey 07311

- (b) To the Association:
Jill Sung, President and Chief Executive Office
Abacus Federal Savings Bank
6 Bowery
New York, New York 10013-5101

No Violations Authorized.

39. 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-11-08
)	
)	
ABACUS FEDERAL SAVINGS BANK)	Effective Date: February 16, 2011
)	
New York, New York)	
OTS Docket No.08059)	
_____)	

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 Abacus Federal Savings Bank, New York, New York, OTS Docket No. 08059 (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 April 19, 2010 examination of the Association (2010 ROE), the OTS finds that the Association has engaged in unsafe or unsound banking practices and has other deficiencies in its management and in its operations, including, but not limited to:

(a) operating the Association with loan underwriting and/or credit administration and documentation policies, procedures, systems and controls that are inadequate for the complexity of and risk inherent in the Association’s loan portfolio and loans originated for sale;

(b) operating the Association with management whose policies and practices are detrimental to the Association and jeopardize the safety of its deposits;

(c) operating the Association with a board of directors that has failed to exercise adequate supervision over and provide adequate direction to management of the

Association to prevent unsafe or unsound banking practices and violations of laws or

regulations;

(d) operating the Association in violation of applicable laws and regulations;

(e) operating the Association with inadequate internal review policies or procedures or internal routines and controls; and

(f) engaging in unsafe and unsound lending practices.

4. Based on its 2010 ROE of the Association, the OTS finds that the Association has engaged in violations of law and regulation, including:

(a) 12 C.F.R. § 563.177(c)(1) (regarding maintenance of a system of internal controls to assure ongoing compliance with Bank Secrecy Act and Anti Money Laundering (BSA/AML) regulations);

(b) 12 C.F.R. § 563.177(c)(2) (requiring independent testing to ensure ongoing compliance with BSA/AML regulations);

(c) 12 C.F.R. § 563.177(c)(3) (requiring designated individual to be responsible for coordinating and monitoring day-to-day compliance with BSA/AML regulations);

(d) 12 C.F.R. § 563.177(c)(4) (requiring training for appropriate personnel to ensure compliance with BSA/AML regulations);

(e) 12 C.F.R. § 563.180(d)(3) (regarding filing of suspicious activity reports (SARs) for potential money laundering or violations of the BSA/AML regulations);

(f) 12 C.F.R. § 560.130 (regarding prohibition of loan procurement fees);

(g) 12 C.F.R. § 559.10 (regarding maintaining separate corporate records); and

(h) 24 C.F.R. § 3500.14(b) (regarding prohibition against kickbacks and unearned fees).

Consent.

5. 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.

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. 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.

8. 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.

9. 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 8 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.

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.

Signature of Directors/Board Resolution.

16. 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. This Stipulation may be executed in counterparts by the directors after approval of execution of the Stipulation at a duly called board meeting. 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.

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

ABACUS FEDERAL SAVINGS BANK
New York, New York

Accepted by:

OFFICE OF THRIFT SUPERVISION

By: _____ /s/ _____
Thomas Sung, Chairman

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

Date: See Effective Date on page 1

_____/s/_____
Steven Babitts, Director

_____/s/_____
Jerry D'Ambrosio, Director

_____/s/_____
John J. DeRusso, Director

_____/s/_____
Rudolph Hertlein, Director

_____/s/_____
Frank S. Lataweic, Director

_____/s/_____
Vera Sung, Director