

UNITED STATES OF AMERICA
DEPARTMENT OF THE TREASURY
COMPTROLLER OF THE CURRENCY

In the Matter of:)
Grand Bank, National Association)
Hamilton, New Jersey)

CONSENT ORDER

The Comptroller of the Currency of the United States of America (“Comptroller”), through his national bank examiners and other staff of the Office of the Comptroller of the Currency (“OCC”), has supervisory authority over Grand Bank, National Association, Hamilton, New Jersey (“Bank”).

The Bank, by and through its duly elected and acting Board of Directors (“Board”), has executed a “Stipulation and Consent to the Issuance of a Consent Order,” dated November 23, 2015, that is accepted by the Comptroller. By this Stipulation and Consent, which is incorporated by reference, the Bank has consented to the issuance of this Consent Order (“Order”) by the Comptroller.

Pursuant to the authority vested in it by the Federal Deposit Insurance Act, as amended, 12 U.S.C. § 1818, the Comptroller hereby orders that:

ARTICLE I

EXPENDITURES

(1) Effective immediately, the Bank shall not make or incur any expenditure covered by this Article unless such expenditure is related to activities conducted in the normal course of the Bank’s business operations. Unless the business purpose of an expenditure has been

independently verified, through documentation retained in the Bank's records, the Bank shall not make or incur any such expenditure for:

- (a) entertainment or events (including, but not limited to, club memberships and sporting events);
- (b) office and facility renovations or improvements;
- (c) aviation, automobiles or other transportation services;
- (d) lodging or meals, or
- (e) other similar items, activities, or events.

These expenditures include, but are not limited to, expenditures by or on behalf of any family member of an employee or director.

(2) The Board shall not permit the Bank to make or incur any expenditure covered by Paragraph (1)(a)-(e) of this Article unless:

- (a) that expenditure, to the extent that it exceeds \$750 or when combined with all other expenditures related to any employee, director or interests of an employee or director during any calendar month exceeds \$5,000, has been voted upon by the disinterested members of the Board, with such vote and related deliberation recorded in the minutes, the expenditure was incurred before a reimbursement policy was implemented and adhered to by the Bank pursuant to Article II of this Order and the expenditure is not prohibited by Paragraph 1 of this Article; or
- (b) that expenditure is covered by and comports with a reimbursement policy that has received a written determination of no supervisory objection from

the Assistant Deputy Comptroller and has been implemented by the Bank pursuant to Article II of this Order.

(3) Effective immediately, the Bank shall discontinue the use of corporate credit cards for expenditures described in Paragraph 1 of this Article until such time as the Bank has demonstrated to the Assistant Deputy Comptroller that it has established appropriate controls over the use of such credit cards and OCC provides a written determination of no supervisory objection to resumption of their use for such purposes.

ARTICLE II

REIMBURSEMENT POLICY

(1) Within thirty (30) days, the Board shall review, revise and forward to the Assistant Deputy Comptroller for her review, pursuant to Paragraph 2 of this Article, the Bank's reimbursement policy that shall ensure compliance with the requirements in Article I of this Order with respect to reimbursements ("Reimbursement Policy"). The Bank's reimbursement policy shall comport with (i) 12 CFR Part 30, Appendix A, Section II (Operation and Managerial Standards), subsection I (Compensation, fees, and benefits); (ii) 12 CFR Part 30, Appendix A, Section III (Prohibition on Compensation That Constitutes an Unsafe and Unsound Practice, subsection A (Excessive compensation); and (iii) OCC Bulletin 2013-31 and the "Insider Activities" Booklet of the Comptroller's Handbook, and shall include but not be limited to:

- (a) documentation requirements for requesting reimbursement and processing requests for reimbursement, including requirements for documentation of receipt of payment and explanation of how an expenditure specifically related to actual or potential Bank business;

- (b) limits on any expenses that do not require prior approval;
- (c) limits on any expenses incurred by employees or directors on behalf of family members;
- (d) limits that apply to directors and executives as well as to other employees;
- (e) requirements to monitor, document, and report personal expenses for proper tax reporting;
- (f) for tickets, suites, memberships, or rewards for attending athletic events and for club memberships, usage monitoring and reporting requirements and specification of responsibilities for reporting and reimbursement approval, including responsibilities for reporting and approving any tax liabilities for relationships or memberships not held in the name of the Bank;
- (g) requirements for employees and directors to submit written summaries of business discussions when entertainment expenses are incurred;
- (h) prohibitions on paying expenses relating to another bank's or entity's business, including where directors or employees are also directors or employees of other banks or entities;
- (i) limits on the circumstances and conditions under which the Bank makes its property available for the use of employees, directors, or family members or interests of employees and directors;
- (j) consequences of a breach of the reimbursement policy, including, but not limited to, a requirement that the employee or director promptly reimburse the Bank for any disallowed expenditures; and

(k) such other provisions that are appropriate in view of the Bank's deficient earnings performance.

(2) The Board shall review and update the reimbursement policy no less frequently than every 12 months, if otherwise necessary or if required by the Assistant Deputy Comptroller in writing. Revisions to the reimbursement policy, including any amendments or revisions thereto, shall be submitted to the Assistant Deputy Comptroller for a prior written determination of no supervisory objection. At the next Board meeting following receipt of the Assistant Deputy Comptroller's written determination of no supervisory objection, the Board shall adopt and the Bank, subject to Board review and ongoing monitoring, shall implement and thereafter adhere to the Reimbursement Policy and any amendments or revisions thereto.

(3) Effective immediately, the Board shall not ratify, after the fact, any insider expenses incurred prior to the date on which the Board adopts a reimbursement policy pursuant to Paragraph 2 of this Article unless all policy, documentation, and approval requirements as outlined in the reimbursement policy are satisfied.

ARTICLE III

ONGOING REVIEW OF EXPENDITURES

(1) Beginning with the first quarter ending after the effective date of this Order, and for each quarter thereafter, by no later than the 15th day of the following month, the Bank's internal audit function shall:

(a) review and analyze all expenses covered by Paragraph 2 of Article I of this Order paid by the Bank to or on behalf of any individual above a minimum dollar amount established by the audit committee of the Bank;

- (b) prepare a written report setting forth a conclusion about whether the payment of such expenses comported with the prohibition set forth in Paragraph 1 of Article I of this Order and the Bank's reimbursement policy ("Expense Review Report"); and
- (c) submit the Expense Review Report to the Board.

(2) Within thirty (30) days of the end of each calendar quarter, or within such other time period as the Assistant Deputy Comptroller requires in writing, the Board shall review the Expense Review Reports submitted for the calendar quarter and prepare a written report that:

- (a) evaluates the Bank's compliance with Paragraph 1 of Article I of this Order and the reimbursement policy;
- (b) describes the actions the Board has taken or will take to remediate any violations, including requiring reimbursement to the Bank and/or appropriate disciplinary action for violations of the reimbursement policy; and
- (c) describes the actions the Board will require to address any shortcomings in the reimbursement policy, which shall be documented in the Board meeting minutes.

Upon completion of its report, the Board shall immediately submit a copy of the report and related minutes to the Assistant Deputy Comptroller.

ARTICLE IV

CLOSING

(1) Although the Board is by this Order required to submit certain proposed actions and programs for the review or prior written determination of no supervisory objection of the

Assistant Deputy Comptroller, the Board has the ultimate responsibility for proper and sound management of the Bank.

(2) In each instance in this Order in which the Board is required to ensure adherence to, and undertake to perform certain obligations of the Bank, it is intended to mean that the Board shall:

- (a) authorize and adopt such actions on behalf of the Bank as may be necessary for the Bank to perform its obligations and undertakings under the terms of this Order;
- (b) require the timely reporting by Bank management of such actions directed by the Board to be taken under the terms of this Order;
- (c) follow-up on any non-compliance with such actions in a timely and appropriate manner;
- (d) require corrective action be taken in a timely manner of any non-compliance with such actions; and
- (e) ensure that the Bank has processes, personnel, and control systems to ensure implementation of and adherence to the actions required by this Order.

(3) Each citation, guidance, or issuance referenced in this Order includes any subsequent citations, guidance, or issuance that replaces, supersedes, amends, or revises the referenced cited citation, guidance, or issuance.

(4) The provisions of this Order are effective upon issuance of this Order by the Comptroller, through his authorized representative whose hand appears below, and shall remain effective and enforceable, except to the extent that, and until such time as, any provisions of this

Order shall have been amended, modified, suspended, waived, or terminated in writing by the Comptroller, through his authorized representative.

(5) Except as otherwise expressly provided herein, any time limitations imposed by this Order shall begin to run from the effective date of this Order.

(6) If the Bank requires an extension of any timeframe within this Order, the Board shall submit a written request to the Assistant Deputy Comptroller asking for relief. Any written request submitted pursuant to this Article shall include a statement setting forth in detail, with relevant supporting documentation, the special facts and circumstances that prevent the Bank from complying with a provision within a timeframe specified in this Order and that require an extension of that timeframe. The OCC's decision concerning a request for an extension of any timeframe within this Order, which will be communicated to the Board in writing by the Assistant Deputy Comptroller, is final and not subject to further review.

(7) This Order is intended to be, and shall be construed to be, a final order issued pursuant to 12 U.S.C. § 1818(b), and expressly does not form, and may not be construed to form, a contract binding on the Comptroller or the United States.

(8) It is expressly and clearly understood that if, at any time, the Comptroller deems it appropriate in fulfilling the responsibilities placed upon it by the several laws of the United States of America to undertake any action affecting the Bank, nothing in this Order shall in any way inhibit, estop, bar or otherwise prevent the Comptroller from so doing.

(9) The terms of this Order, including this paragraph, are not subject to amendment or modification by any extraneous expression, prior agreements or prior arrangements between the parties, whether oral or written.

(10) All reports or plans which the Bank, Board, or a Board Committee has agreed to submit to the Assistant Deputy Comptroller pursuant to this Order shall be forwarded, by overnight mail or via email, to the following:

Ms. Tara L. French
Assistant Deputy Comptroller
New York Field Office
343 Thornall Street, Suite 610
Edison, New Jersey 08837

IT IS SO ORDERED, this 23 day of November 2015.

/S/

Tara L. French
Assistant Deputy Comptroller
New York Field Office, Edison, NJ

**UNITED STATES OF AMERICA
DEPARTMENT OF THE TREASURY
COMPTROLLER OF THE CURRENCY**

In the Matter of:)
Grand Bank, National Association)
Hamilton, New Jersey)

**STIPULATION AND CONSENT TO THE ISSUANCE
OF A CONSENT ORDER**

The Comptroller of the Currency of the United States of America (“Comptroller”) intends to initiate cease and desist proceedings against Grand Bank, National Association, Hamilton, New Jersey (“Bank”) pursuant to 12 U.S.C. § 1818(b) for unsafe or unsound banking practices relating to deficient earnings and expenditures for, and reimbursements to, employees and directors.

The Bank, in the interest of compliance and cooperation, consents to the issuance of a Consent Order, dated November 23, 2015 (“Order”);

In consideration of the above premises, the Comptroller, through his authorized representative, and the Bank, through its duly elected and acting Board of Directors, hereby stipulate and agree to the following:

ARTICLE I

Jurisdiction

(1) The Bank is a national banking association chartered and examined by the Comptroller pursuant to the National Bank Act of 1864, as amended, 12 U.S.C. § 1 *et seq.*

(2) The Comptroller is “the appropriate Federal banking agency” regarding the Bank pursuant to 12 U.S.C. §§ 1813(q) and 1818(b).

(3) The Bank is an “insured depository institution” within the meaning of 12 U.S.C. § 1818(b)(1).

(4) This Order shall cause the Bank to continue to be designated as in “troubled condition,” as set forth in 12 C.F.R. § 5.51(c)(7), unless otherwise informed in writing by the Comptroller. In addition, this Agreement shall cause the Bank to continue to be designated as not an “eligible bank” for purposes of 12 C.F.R. § 5.3(g), unless otherwise informed in writing by the Comptroller.

ARTICLE II

Agreement

(1) The Bank, without admitting or denying any wrongdoing, hereby consents and agrees to the issuance of the Order by the Comptroller.

(2) The Bank further agrees that said Order shall be deemed an “order issued with the consent of the depository institution” as defined in 12 U.S.C. § 1818(h)(2), and consents and agrees that said Order shall become effective upon its issuance and shall be fully enforceable by the Comptroller under the provisions of 12 U.S.C. § 1818(i). Notwithstanding the absence of mutuality of obligation, or of consideration, or of a contract, the Comptroller may enforce any of the commitments or obligations herein undertaken by the Bank under his supervisory powers, including 12 U.S.C. § 1818(i), and not as a matter of contract law. The Bank expressly acknowledges that neither the Bank nor the Comptroller has any intention to enter into a contract.

(3) The Bank also expressly acknowledges that no officer or employee of the Comptroller has statutory or other authority to bind the United States, the U.S. Treasury Department, the Comptroller, or any other federal bank regulatory agency or entity, or any

officer or employee of any of those entities to a contract affecting the Comptroller's exercise of his supervisory responsibilities.

ARTICLE III

Waivers

- (1) The Bank, by signing this Stipulation and Consent, hereby waives:
 - (a) the issuance of a Notice of Charges pursuant to 12 U.S.C. § 1818(b);
 - (b) any and all procedural rights available in connection with the issuance of the Order;
 - (c) all rights to a hearing and a final agency decision pursuant to 12 U.S.C. § 1818(i), 12 C.F.R. Part 19;
 - (d) all rights to seek any type of administrative or judicial review of the Order; and
 - (e) any and all rights to challenge or contest the validity of the Order.

ARTICLE IV

Other Action

(1) The Bank agrees that the provisions of this Stipulation and Consent shall not inhibit, estop, bar, or otherwise prevent the Comptroller from taking any other action affecting the Bank if, at any time, it deems it appropriate to do so to fulfill the responsibilities placed upon it by the several laws of the United States of America.

IN TESTIMONY WHEREOF, the undersigned, authorized by the Comptroller as his representative, has hereunto set his hand on behalf of the Comptroller.

/S/

Tara L. French
Assistant Deputy Comptroller
New York Field Office, Edison, NJ

November 23, 2015

Date

IN TESTIMONY WHEREOF, the undersigned, as the duly elected and acting Board of Directors of the Bank, have hereunto set their hands on behalf of the Bank.

/S/

Theodore H. Dolci, Jr.

11/23/2015

Date

/S/

Dr. Paul M. Fischer

11/23/2015

Date

/S/

Thomas L. Gray, Jr.

11/23/2015

Date

/S/

Michael W. Licamele Sr.

11/23/2015

Date

/S/

James R. McCagg II

11/23/2015

Date

/S/

Peter L.A. Pantages

11/23/2015

Date

/S/

Yomesh Patel

11/23/2015

Date

/S/

Peter D. Smith

Nov 23/2015

Date

/S/

Mark A. Wolters

11/23/2015

Date