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

In the Matter of:	)	
	)	
Gary Judd	)	AA-ENF-2023-74
Former Chairman and Chief Executive Officer	)	
	)	
Sterling Bank and Trust, FSB	)	
Southfield, Michigan	)	
	)	

CONSENT ORDER

WHEREAS, the Office of the Comptroller of the Currency ("OCC") intends to initiate prohibition and civil money penalty proceedings against Gary Judd ("Respondent") pursuant to 12 U.S.C. § 1818(e), and (i) on the basis of Respondent's activities while serving as Chairman of the Board and Chief Executive Officer ("CEO") of Sterling Bank and Trust, FSB ("Bank");

WHEREAS, in the interest of cooperation and to avoid the costs associated with future administrative and judicial proceedings with respect to the above matter, Respondent, without admitting or denying any wrongdoing, desires to consent to the issuance of this Consent Order ("Order") issued pursuant to 12 U.S.C. § 1818(e), and (i);

NOW, THEREFORE, it is stipulated by and between the OCC, through the duly authorized representative of the Comptroller of the Currency ("Comptroller"), and Respondent that:

ARTICLE I

JURISDICTION

(1) The Bank is an "insured depository institution" as that term is defined in 12 U.S.C. § 1813(c)(2).

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(2) Respondent was a director and officer of the Bank and was an "institution-affiliated party" of the Bank as that term is defined in 12 U.S.C. § 1813(u), having served in such capacity within six (6) years from the date of this Order. *See* 12 U.S.C. § 1818(i)(3).

(3) The Bank is a Federal savings association within the meaning of 12 U.S.C. § 1813(q)(1)(C), and is chartered and examined by the OCC. *See* 12 U.S.C. §§ 1461 *et seq.*, 5412(b)(2)(B).

(4) The OCC is the "appropriate Federal banking agency" as that term is defined in 12 U.S.C. § 1813(q) and is therefore authorized to initiate and maintain this prohibition and civil money penalty action against Respondent pursuant to 12 U.S.C. § 1818(e), and (i).

ARTICLE II

COMPTROLLER'S FINDINGS

The Comptroller finds, and Respondent neither admits nor denies, the following:

(1) Respondent was the Chairman of the Bank's Board and the Bank's CEO between August 2008 and November 30, 2019. As the Bank's CEO, Respondent was responsible for overseeing the Bank's safe and sound operation and for managing risks related to the Bank.

(2) Between approximately mid-2011 and December 2019 ("relevant period"), the Bank offered the Advantage Loan Program ("ALP"), a low-document residential loan program, which was the Bank's primary residential loan product during this period. The ALP presented high risks for fraud, money laundering, and lending misconduct and therefore required strong monitoring and controls. The Bank originated numerous ALP loans that had false or fraudulent loan applications. Despite deficiencies within the ALP, the Bank failed to take appropriate corrective action and continued to grow the ALP.

(3) Respondent failed to appropriately intervene or adequately inform the Bank's Board when an individual who was a consultant to the Bank, an advisory director to the Bank's Board, and who owned, directly and indirectly, a large number of shares of and was a vice president of the Bank's holding company, directly contacted and issued directives to Bank employees and otherwise participated in Bank operations.

(4) During the relevant period, Respondent and other insiders participated in the design and implementation of the ALP and the monitoring, controlling, and managing of risks related to the ALP. Respondent failed to appropriately oversee the Bank's operation of the ALP or supervise Bank insiders involved in the implementation of the ALP. This contributed to the fraud within the ALP.

(5) Respondent's failures contributed to a poor compliance culture at the Bank. In addition, Respondent and other insiders did not ensure that the Bank's Bank Secrecy Act program had an adequate system of internal controls as required by 12 C.F.R § 21.21(d)(1). Respondent and other insiders also contributed to the Bank's violation of 12 C.F.R. § 1026.43(c) (the Ability to Repay rule) because it originated ALP loans without making a reasonable and good faith determination of the applicant's ability to repay the loan and did not ensure that documents used to verify applicants' employment, income, and assets were obtained from third parties and were reasonably reliable.

(6) The apparent profitability of the ALP significantly contributed to the Bank's earnings and profitability. Respondent's annual bonuses, which totaled $1,350,000 between 2017 and 2019, were related to the Bank's earnings and profitability. The Bank's operation of the ALP also caused both potential and actual loss to the Bank and its holding company in the form of payments to settle a DOJ criminal action and a shareholder lawsuit.

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(7) By reason of the foregoing conduct, Respondent violated 12 C.F.R. §§ 21.21(d)(1) and 1026.43(c) and engaged in unsafe or unsound practices; which violations and practices caused or were likely to cause more than a minimal loss to the Bank, and resulted in pecuniary gain to Respondent. Respondent's misconduct demonstrated willful or continuing disregard for the safety and soundness of the Bank.

ARTICLE III

ORDER OF PROHIBITION

Respondent consents to, and it is ORDERED that:

(1) With respect to the institutions and agencies set forth in paragraph (2) of this Article, Respondent hereby agrees that he shall not:

(a) participate in any manner in the conduct of their affairs;

(b) solicit, procure, transfer, attempt to transfer, vote, or attempt to vote any proxy, consent, or authorization with respect to any voting rights;

(c) violate any voting agreement previously approved by the "appropriate Federal banking agency," as defined in 12 U.S.C. § 1813(q); or

(d) vote for a director, or serve or act as an "institution-affiliated party," as defined in 12 U.S.C. § 1813(u).

(2) The prohibitions in paragraph (1) of this Article apply to the following institutions and agencies:

(a) any insured depository institution, as defined in 12 U.S.C. § 1813(c);

(b) any institution treated as an insured bank under 12 U.S.C. § 1818(b)(3), (b)(4) or (b)(5);

(c) any insured credit union under the Federal Credit Union Act;

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(d) any institution chartered under the Farm Credit Act of 1971;

(e) any appropriate Federal depository institution regulatory agency; and

(f) the Federal Housing Finance Agency and any Federal Home Loan Bank.

(3) The prohibitions of paragraphs (1) and (2) of this Article shall cease to apply with respect to a particular institution if Respondent obtains the prior written consent of both the OCC and the institution's "appropriate Federal financial institutions regulatory agency," as defined in 12 U.S.C. § 1818(e)(7)(D).

(4) This Order shall be enforceable to the same extent and in the same manner as an effective and outstanding order that has been issued and has become final pursuant to 12 U.S.C. § 1818.

ARTICLE IV

ORDER FOR CIVIL MONEY PENALTY

Respondent consents to, and it is ORDERED that:

(1) Respondent shall pay a civil money penalty in the amount of three hundred thousand dollars ($300,000), which shall be paid in full according to the following payment schedule:

(a) One hundred thousand dollars ($100,000) shall be paid upon Respondent's execution of this Order;

(b) One hundred thousand dollars ($100,000) shall be paid no later than March 31, 2025;

(c) The final installment of one hundred thousand dollars ($100,000) and any outstanding balance shall be paid no later than March 31, 2026.

(2) Respondent shall make payments via pay.gov or wire transfer, in accordance with instructions provided by the OCC. The docket number of this case (AA-ENF-2023-74) shall be referenced in connection with the submitted payment.

(3) If Respondent fails to comply with any provision of this Order, then the entire balance of the civil money penalty amount described in this Article shall become immediately due and payable.

(4) This Order shall be enforceable to the same extent and in the same manner as an effective and outstanding order that has been issued and has become final pursuant to 12 U.S.C. § 1818.

(5) Within seven (7) days from the issuance of this Order, Respondent shall provide written notification to the OCC of the address of his current place of residence by completing the form attached hereto as Appendix A and sending the completed form by mail to the Director of Enforcement, Office of the Comptroller of the Currency, 400 7th Street, SW, Washington, DC 20219 or by email to the address provided by the OCC.

(6) Until the civil money penalty is paid in full, upon each and every subsequent change in place of residence, if any, Respondent shall provide written notification to the OCC of his new address within seven (7) days of such change in address by mail to the Director of Enforcement, Office of the Comptroller of the Currency, 400 7th Street, SW, Washington, DC 20219 or by email to the address provided by the OCC.

ARTICLE V

BANKRUPTCY

(1) If Respondent files for bankruptcy protection, Respondent shall notify the Director of Enforcement within ten (10) days of the filing and shall provide a copy of the filing

to the OCC by mail to the Director of Enforcement, Office of the Comptroller of the Currency, 400 7th Street, SW, Washington, DC 20219 or by email to the address provided by the OCC.

(2) In any bankruptcy proceeding in which it is or may be contended that Respondent's obligation to pay a civil money penalty pursuant to this Order is subject to discharge, Respondent will in no manner contest the assertion of the OCC or any officer, employee, or agent of the OCC or any agent, officer, or representative of the United States, pursuant to 11 U.S.C. § 523(a) or otherwise, that the civil money penalty obligation in the Order arises out of acts which result in claims not dischargeable in bankruptcy.

ARTICLE VI

CLOSING

(1) By executing this Order, Respondent waives:

(a) the right to a Notice of Intention to Prohibit Further Participation and Notice of Civil Money Penalty Assessment under 12 U.S.C. § 1818(e), and (i);

(b) all rights to a hearing and a final agency decision pursuant to 12 U.S.C. § 1818(e), and (i) and 12 C.F.R. Part 109;

(c) all rights to seek judicial review of this Order;

(d) all rights in any way to contest the validity of this Order; and

(e) any and all claims for fees, costs, or expenses against the United States, the OCC, or any officer, employee, or agent of the OCC, related in any way to this enforcement matter or this Order, whether arising under common law or under the terms of any statute, including, but not limited to, the Equal Access to Justice Act, 5 U.S.C. § 504 and 28 U.S.C. § 2412.

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(2) Respondent shall not cause, participate in, or authorize the Bank (or any subsidiary or affiliate of the Bank) to incur, directly or indirectly, any expense relative to the negotiation and issuance of this Order except as permitted by 12 C.F.R. § 7.2014 and Part 359. In addition, Respondent shall not, directly or indirectly, obtain or accept any indemnification (or other reimbursement) from the Bank (or any subsidiary or affiliate of the Bank) with respect to such amounts except as permitted by 12 C.F.R. § 7.2014 and Part 359; provided, however, Respondent may not obtain or accept such indemnification with respect to payment of the civil money penalty.

(3) Respondent acknowledges that he has read and understands the premises and obligations of this Order and declares that no separate promise or inducement of any kind has been made by the OCC or any officer, employee, or agent of the OCC to cause or induce Respondent to agree to consent to the issuance of this Order and/or to execute this Order.

(4) This Order constitutes a settlement of any proceedings arising out of the facts, omissions, or violations described in the Comptroller's Findings (Article II of this Order). The OCC agrees not to institute the proceedings referenced in the first whereas clause of this Order for the specific acts, omissions, or violations described in Article II of this Order unless such acts, omissions, or violations reoccur. However, the specific acts, omissions, or violations described in Article II may be used by the OCC in future enforcement actions to establish a pattern of misconduct or the continuation of a pattern of misconduct.

(5) This Order shall not be construed as an adjudication on the merits and, except as set forth in paragraph (4) above, shall not inhibit, estop, bar, or otherwise prevent the OCC from taking any action affecting Respondent if, at any time, the OCC deems it appropriate to do so to fulfill the responsibilities placed upon the OCC by the several laws of the United States.

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(6) Nothing in this Order shall preclude any proceedings brought by the OCC to enforce the terms of this Order, and nothing in this Order constitutes, nor shall Respondent contend that it constitutes, a waiver of any right, power, or authority of any other representatives of the United States or agencies thereof, including the Department of Justice, to bring other actions deemed appropriate.

(7) This Order is intended to be, and shall be construed to be, a final order issued pursuant to 12 U.S.C. § 1818, and expressly does not form, and may not be construed to form, a contract binding on the United States, the OCC, or any officer, employee, or agent of the OCC. Respondent expressly acknowledges that no officer, employee, or agent of the OCC has statutory or other authority to bind the United States, the United States Treasury Department, the OCC, or any other federal bank regulatory agency or entity, or any officer, employee, or agent of those entities, to a contract affecting the OCC's exercise of its supervisory responsibilities.

(8) This Order is "issued with the consent of . . . the institution-affiliated party concerned," pursuant to 12 U.S.C. § 1818(h)(2).

(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) The provisions of this Order are effective upon issuance by the OCC, through the Comptroller's duly 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, suspended, waived, or terminated in writing by the OCC, through the Comptroller's duly authorized representative.

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IN TESTIMONY WHEREOF, the undersigned has hereunto set his hand.

/s/ 3/19/24

Gary Judd Date

IT IS SO ORDERED.

//s// Digitally Signed, Dated: 2024.03.20

Michael R. Brickman

Deputy Comptroller for Specialty Supervision

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