UNITED STATES OF AMERICA
Before The
OFFICE OF THRIFT SUPERVISION, DEPARTMENT OF THE TREASURY

In the Matter of JAMES CORRADO, a director and stockholder of FAMILY FIRST FEDERAL SAVINGS BANK, Clifton, New Jersey, and PETER CORRADO, GERALD CORRADO, JOSEPH CORRADO, PATRICIA CORRADO HELD, and FAMILY FIDELITY INSURANCE LTD, stockholders of the aforesaid institution	Re: OTS Order No. NE94-5 Date: January 25, 1994

STIPULATION AND CONSENT

This Stipulation and Consent is entered into by and among JAMES CORRADO, PETER CORRADO, GERALD CORRADO, JOSEPH CORRADO, PATRICIA CORRADO HELD, and FAMILY FIDELITY INSURANCE LTD. (collectively the "Non-Governmental Parties"), and the OFFICE OF THRIFT SUPERVISION ("OTS"), an office within the United States Department of the Treasury, whose acceptance of this Stipulation and Consent is indicated by issuance of the attached above-referenced CONSENT CEASE-AND-DESIST ORDER DIRECTING AFFIRMATIVE ACTION AND CONSENT ORDER OF CIVIL MONEY PENALTY ASSESSMENT (the "Order").

R E C I T A L S

WHEREAS, the OTS, based upon information derived from its investigation No. EAST-91-2 (the "Investigation") concerning the affairs and ownership of FAMILY FIRST FEDERAL SAVINGS BANK, Clifton, New Jersey ("FAMILY FIRST"), and other exercises of its

regulatory responsibilities, is of the opinion that the grounds exist to commence administrative proceedings against the Non-Governmental Parties for the issuance of final agency orders, pursuant to provisions of the Federal Deposit Insurance Act ("FDIA"), 12 U.S.C.A. §§ 1818 (West 1989 & Supp. 1993), and the Home Owners' Loan Act ("HOLA"), 12 U.S.C.A. § 1467a(i)(2) (West 1989 & Supp. 1993), each as amended by, inter alia, the Financial Institutions Reform, Recovery and Enforcement Act of 1989 ("FIRREA"), Pub. L. No. 101-73, 103 Stat. 183; and

WHEREAS, each of the Non-Governmental Parties desires to cooperate with the OTS and to avoid the time and expense of administrative litigation with the OTS.

NOW, THEREFORE, for the purposes of this settlement only, each of the Non-Governmental Parties, without either admitting or denying the factual allegations and legal conclusions reached by the OTS or that grounds exist for administrative proceedings, hereby stipulates and agrees as follows:

1. Consideration. Each of the Non-Governmental Parties stipulates and agrees to issuance of the Order in consideration for OTS forever releasing and discharging each of the Non-Governmental Parties (but no other person or company) from all potentional claims and charges that:

(i) have been or might have been asserted by the OTS arising out of facts known to the OTS or discovered by the OTS prior to issuance of the attached Order as a result of the Investigation; or

(ii) otherwise have been or might have been asserted by the OTS based on findings set forth in the following written reports of examination of FAMILY FIRST: OTS report for the federal regular examination commenced on August 3, 1992; OTS report for the field visit

commenced on October 29, 1991; OTS report for the special (compliance) examination commenced on September 30, 1991; OTS report for the federal regular examination commenced on April 29, 1991; OTS report for the federal regular examination commenced on May 29, 1990; the Federal Home Loan Bank Board/Federal Home Loan Bank ("FHLBB") report for the federal regular examination commenced on March 20, 1989; the FHLBB report for the special limited examination commenced on December 21, 1987; the FHLBB report for the special limited examination commenced on August 3, 1987; and the FHLBB report for the federal regular examination commenced on April 27, 1987.

2. Jurisdiction.

(a) Each of the Non-Governmental Parties hereby stipulates and agrees that: (i) the OTS, an appropriate Federal banking agency, is authorized to issue the Order pursuant to 12 U.S.C.A. §§ 1818(b), 1818(i)(2), and 1467a(i)(2) (West 1989 & Supp. 1993); and (ii) FAMILY FIRST is a "federal savings association," as that term is defined at 12 U.S.C.A. §§ 1462(5) and 1813(b)(2), and is an "insured depository institution," as that term is defined at 12 U.S.C.A. § 1813(c)(2).

(b) JAMES CORRADO stipulates and agrees that since 1985 he has been a director, stockholder and person participating in the conduct of the affairs of FAMILY FIRST, and acknowledges that, since the enactment of FIRREA on August 9, 1989, he has been an "institution-affiliated party" of FAMILY FIRST, within the meaning of 12 U.S.C.A. § 1813(u).

(c) Each of the other Non-Governmental Parties (PETER CORRADO, GERALD CORRADO, JOSEPH CORRADO, PATRICIA CORRADO HELD, and FAMILY FIDELITY INSURANCE LTD.) hereby stipulates and agrees that said person or company: (i) is and at all pertinent times has been a stockholder of FAMILY FIRST; and (ii) for purposes of

this settlement only, does not contest the assertion by the OTS that said person or company, since the enactment of FIRREA on August 9, 1989, has been an "institution-affiliated party" of FAMILY FIRST, within the meaning of 12 U.S.C.A. § 1813(u).

3. Consent. Each of the Non-Governmental Parties hereby consents to the jurisdiction of the OTS and to issuance of the Order. Each of the Non-Governmental Parties agrees to comply with the terms of the Order, and stipulates that the Order, which is remedial, complies with all requirements of law.

4. Finality. The Order is issued by the OTS under the authority of 12 U.S.C.A. §§ 1818(b), 1818(i)(2), and 1467a(i)(2) (West 1989 & Supp. 1993). Each of the Non-Governmental Parties acknowledges and understands that, upon issuance, the Order will be a final order that is effective and fully enforceable by the OTS under provisions of federal law, including Section 8(i) of the FDIA (12 U.S.C.A. § 1818(i)).

5. Waivers. Each of the Non-Governmental Parties, following consultation with counsel, hereby waives the following legal rights:

(i) the right to be served with a written notice of charges, notice of assessment or other similar notice pursuant to provisions of Sections 8(b) and 8(i)(2) of the FDIA (12 U.S.C.A. §§ 1818(b), 1818(i)(2), Section 10(i)(2) of the HOLA (12 U.S.C.A. § 1467a(i)(2)), and other applicable law;

(ii) the right to an administrative adjudicatory hearing of the OTS' charges against them;

(iii) the right to seek judicial review of the Order, including (but not limited to) any such right provided by Section 8(h) of the FDIA (12 U.S.C.A. § 1818(h)) or otherwise to challenge the validity of the Order; and

(iv) any claims for attorneys' fees or expenses under the Equal Access to Justice Act, 5 U.S.C.A. § 504.

6. No Effect on Actions by Other Agencies.

(a) This Stipulation and Consent, the Order and the payment by each of the Non-Governmental Parties of any monies or providing any other financial relief as contemplated by the Order, does not release, discharge, compromise, settle, dismiss or resolve, or in any way affect any civil actions, charges against, or liability of any of the Non-Governmental Parties that may be brought by the Resolution Trust Corporation or any other governmental entity other than the OTS, whether arising due to the findings of the OTS or otherwise.

(b) Each of the Non-Governmental Parties hereby acknowledges and agrees that this Stipulation and Consent, the OTS' issuance of the Order, and the payment of the civil money penalties assessed by the Order, are not intended to and do not resolve, affect or preclude any other proceedings, civil or otherwise, that may be brought against any of the Non-Governmental Parties by (i) by the OTS (except as otherwise specifically provided by the release at paragraph 1 hereof) or (ii) any other governmental entity.

(c) By signing this document each of the Non-Governmental Parties hereby agrees that said person or company will not assert the assessment or payment of the civil money penalty 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.

7. Communications.

(a) The OTS may send written notices and other communications to the Non-Governmental Parties care of their counsel:

Vincent J. Fuller, Esq.
Williams & Connolly
725 Twelfth Street, N.W.
Washington, D.C. 20005

(b) All communications required or permitted to be sent by any of the Non-Governmental Parties to the OTS shall be sent to:

Robert C. Albanese, Deputy Regional Director
Office of Thrift Supervision
10 Exchange Place, 18th Floor
Jersey City, New Jersey 07302.

with a copy sent to the OTS' Enforcement Counsel.

(c) All payments of civil money penalties required to be sent by any of the Non-Governmental Parties to the OTS' Controller's Division shall be sent to:

Office of Thrift Supervision
Controller's Division
1700 G Street, N.W.
Washington, D.C. 20552
Attention: Ms. Liz Gustafson

All such payments shall be accompanied by a letter (with a copy sent to the OTS' Enforcement Counsel) that refers to the Order, by its order number as set forth in the caption thereof, and identifies the person(s) on whose behalf the payment is submitted.

(d) All notices or other communications required or permitted to be sent by any of the Non-Governmental Parties to the

OTS' Enforcement Counsel shall be sent to:

Steven A. Rosenberg, Esq.
Senior Enforcement Counsel
Office of Thrift Supervision
10 Exchange Place, 17th Floor
Jersey City, New Jersey 07302.

8. Miscellaneous.

(a) The construction and validity of this Stipulation and Consent and the Order shall be governed by the laws of the United States of America.

(b) All references to the OTS in this Stipulation and Consent and the Order shall also mean any of the OTS' predecessors, successors, and assigns.

(c) The section and paragraph headings in this Stipulation and Consent and the Order are for convenience only, and such headings shall not affect the interpretation of this Stipulation and Consent and the Order.

(d) The terms of this Stipulation and Consent and the Order represent the final written 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. The terms of this Stipulation and Consent may not be amended except by a written document executed by each of the parties hereto, including the OTS, by and through its Director (or an appropriate designee).

(e) This Stipulation and Consent shall become effective upon acceptance by the OTS, which acceptance shall be shown by its issuance of the attached Order.

WHEREFORE, each of the Non-Governmental Parties signs this Stipulation and Consent.

FAMILY FIDELITY INSURANCE LTD.

/s/
JAMES CORRADO

By /s/
Name: Gerald Corrado
Title: Officer

/s/
PETER CORRADO

/s/
GERALD CORRADO

/s/
JOSEPH CORRADO

/s/
PATRICIA CORRADO HELD

(11.30)

UNITED STATES OF AMERICA
Before The
OFFICE OF THRIFT SUPERVISION, DEPARTMENT OF THE TREASURY

In the Matter of JAMES CORRADO, a director and stockholder of FAMILY FIRST FEDERAL SAVINGS BANK, Clifton, New Jersey, and PETER CORRADO, GERALD CORRADO, JOSEPH CORRADO, PATRICIA CORRADO HELD, and FAMILY FIDELITY INSURANCE LTD, stockholders of the aforesaid institution	OTS Order No. NE94-5 Date: January 25, 1994

CONSENT CEASE-AND-DESIST ORDER DIRECTING AFFIRMATIVE ACTION AND CONSENT ORDER OF CIVIL MONEY PENALTY ASSESSMENT

WHEREAS, the Office of Thrift Supervision ("OTS") has conducted an investigation pursuant to OTS Resolution EAST-91-2 dated January 28, 1991 (the "Investigation") concerning Family First Federal Savings Bank ("FAMILY FIRST"), Clifton, New Jersey, and, as a result of the Investigation, has found that:

I. Background

FAMILY FIRST is a stockholder-owned federally chartered savings bank that received its charter and commenced operations in 1985. FAMILY FIRST maintains its main office in a building owned by JAMES CORRADO, which is located in close proximity to a Clifton, New Jersey, supermarket owned by JAMES CORRADO. FAMILY FIRST currently has 982,498 shares of common stock issued and outstanding.

JAMES CORRADO, PETER CORRADO, GERALD CORRADO, JOSEPH CORRADO, PATRICIA CORRADO HELD, and their spouses (collectively the "Corrados") are stockholders of FAMILY FIRST. FAMILY FIDELITY INSURANCE LTD. also owns 30,000 shares of FAMILY FIRST stock. The Corrados and FAMILY FIDELITY INSURANCE own and control (within the meaning of 12 C.F.R. Part 574) 290,878 shares of FAMILY FIRST common stock,

comprising 29.6% of FAMILY FIRST's outstanding stock. These shares are identified at Schedules A, B, C and D (attached hereto).

JAMES CORRADO is a businessman who, together with members of his immediate family, has owned and operated a number of businesses. Some of these businesses are: James Corrado, Inc. d/b/a Corrado's Family Affair; Odarroc, Inc.; and FAMILY FIDELITY INSURANCE LTD. Since late 1985, JAMES CORRADO has been a major stockholder and a director of FAMILY FIRST.

GERALD CORRADO, JOSEPH CORRADO, and PETER CORRADO are the adult sons of JAMES CORRADO. Since prior to 1985, they have participated with their father in the ownership and operation of various businesses, including Odarroc, Inc. and FAMILY FIDELITY INSURANCE LTD. PATRICIA CORRADO HELD is the adult daughter of JAMES CORRADO.

FAMILY FIDELITY INSURANCE is a Bermudan corporation organized in June 1986 that, inter alia, provided insurance to businesses owned and operated by JAMES CORRADO. From June 1986 through early 1990, JAMES CORRADO, GERALD CORRADO, JOSEPH CORRADO, and PETER CORRADO were officers, directors, and controlling stockholders of FAMILY FIDELITY INSURANCE. During that time, Ronald Tobia also was among its directors and stockholders. In December 1989, FAMILY FIDELITY INSURANCE acquired 30,000 shares of FAMILY FIRST stock.

Ronald Tobia, the son of a close friend of JAMES CORRADO, is a partner with the New Jersey law firm of Schwartz, Tobia & Stanziale. Ronald Tobia and Schwartz, Tobia & Stanziale assisted JAMES CORRADO in arranging for the organization of FAMILY FIRST. Ronald Tobia had been the Chairman of the Board and a major stockholder of FAMILY FIRST from late 1985 through June 1993. Since late 1987 he also had served as chief executive officer of FAMILY FIRST while also maintaining his practice of law. Ronald Tobia and the Schwartz, Tobia & Stanziale law firm represented JAMES CORRADO, his children and his businesses for many years, including with respect to the transactions subject to this Order.[1]

II. Savings and Loan Holding Company Act Violations

At all pertinent times, the Savings and Loan Holding Company Act and the federal regulations thereunder have applied to purchases of FAMILY FIRST's stock by companies

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1. The OTS has issued consent orders to Ronald Tobia and the Schwartz, Tobia & Stanziale law firm. See OTS Orders No. NE93-24 and No. NE93-25.

(including persons acting in concert with companies).[2] In general, this federal law and the regulations thereunder prohibit companies (including persons acting in concert with companies) from acquiring control (within the meaning of 12 C.F.R. Part 574) of a savings association, through stock purchases or otherwise, without first obtaining regulatory approval. Prior to a stock split in November 1988, there were 391,249 shares of FAMILY FIRST common stock issued and outstanding. Following the stock split and through September 30, 1991, FAMILY FIRST had 782,498 outstanding shares of common stock. Currently there are 982,498 outstanding shares of FAMILY FIRST common stock.

The November 1985 Stock Acquisitions

In November 1985, FAMILY FIRST engaged in its initial offering and sale of 391,249 shares of common stock. At that time, JAMES CORRADO, GERALD CORRADO, PETER CORRADO, JOSEPH CORRADO, PATRICIA CORRADO HELD, and their spouses acquired, in the aggregate, 90,500 shares (23.1%) of FAMILY FIRST common stock. Included in the 90,500 shares are 24,000 shares that were acquired by GERALD CORRADO, PETER CORRADO, JOSEPH CORRADO, and PATRICIA CORRADO HELD as custodians for 12 grandchildren of JAMES CORRADO. The OTS is of the view that in connection with the stock acquisitions these family members were "acting in concert" within the meaning of the Change in Savings and Loan Control Act and the S&L Holding Company Act.[3]

The November 1987 Stock Acquisitions

In November 1987, JAMES CORRADO, with the assistance of Ronald Tobia, transferred (by sale or otherwise) no fewer than 19,500 shares of his FAMILY FIRST stock to his family members. He transferred 2,500 shares each to GERALD CORRADO, PETER CORRADO, and JOSEPH CORRADO, and 12,000 shares to PATRICIA CORRADO HELD. On the same date in November 1987, JAMES CORRADO, Ronald Tobia, and Joseph Servidone together purchased 49,650 shares of FAMILY FIRST common stock from

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2. Prior to August 9, 1989, the S&L Holding Company Act was codified at 12 U.S.C. § 1730a. On August 9, 1989, it was recodified at 12 U.S.C.A. § 1467a (West 1989). At all pertinent times, the requirements of the Change in Savings and Loan Control Act, formerly codified at 12 U.S.C.A. § 1730(q), also applied to purchases of FAMILY FIRST stock.

3. These stock acquisitions preceded the FHLBB's issuance, in late November 1985, of the regulations codified at 12 C.F.R. Part 574. At the time of the 1985 stock purchases, the FHLBB's regulations implementing the Change in S&L Control Act had been codified at 12 C.F.R. § 563.18-2.

several other stockholders. JAMES CORRADO, Ronald Tobia, and Joseph Servidone each took one-third of those shares, i.e., 16,550 shares, and together they financed their purchase with a commercial bank loan for which they were jointly and severally liable. Accordingly, pursuant to provisions of 12 C.F.R. Part 574 these individuals were presumed to be acting in concert. Also at this time, Messrs. Tobia and Servidone arranged for some of the FAMILY FIRST stock to be purchased by companies controlled by them.

Pursuant to provisions of 12 C.F.R. Part 574, JAMES CORRADO, GERALD CORRADO, PETER CORRADO, JOSEPH CORRADO, PATRICIA CORRADO HELD, Ronald Tobia, Joseph Servidone, and the companies were presumed to be acting in concert in connection with the November 1987 stock acquisitions. Under federal regulations the stock holdings of these persons, their spouses, and the companies were presumed to be held by a "group" (the "Control Group") that, in the aggregate, held 183,397 shares of FAMILY FIRST stock following the November 1987 acquisitions. These 183,397 shares represented 46.875% of FAMILY FIRST's 391,249 outstanding shares. Because this was more than 25% of the FAMILY FIRST's stock, the Control Group is deemed to have acquired conclusive control of FAMILY FIRST (within the meaning of 12 C.F.R. Part 574).

Because the Control Group included companies, the Control Group is considered a "company" for regulatory purposes, and this made applicable the requirements of the S&L Holding Company Act and the regulations thereunder, 12 C.F.R. Parts 574 and 584 (1987). Section 574.3(a) of the applicable federal regulations provided in pertinent part that, except under circumstances not applicable here, "no company shall acquire control . . . of an insured institution except upon receipt of the written approval of the [FSLIC]." In order to seek such regulatory approval, the Control Group and its members were required to file an H-(e)1 application with the FSLIC. Nevertheless, neither JAMES CORRADO nor any other member of the Control Group filed such an application prior to the November 1987 stock purchases.[4] Accordingly, the FSLIC never granted the regulatory approval, required by the S&L Holding Company Act, prior to the Control Group's November 1987 acquisition of control of FAMILY FIRST (within the meaning of 12 C.F.R. Part 574).

The May 1988 Stock Acquisitions

In May 1988, GERALD CORRADO, PETER CORRADO, and JOSEPH CORRADO each acquired an additional 4,433 shares of FAMILY FIRST stock. Neither these individuals nor any other member

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4. In addition, none of the aforesaid persons or companies ever filed a "rebuttal filing" that attempted to rebut the regulatory presumptions that they were acting in concert.

of the Control Group filed an H-(e)1 application or any other filing with the FSLIC pursuant to 12 C.F.R. Part 574 prior to these stock acquisitions.

Family Fidelity's December 1989 Stock Purchases

In December 1989, FAMILY FIDELITY INSURANCE purchased 30,000 shares of FAMILY FIRST stock. At that time JAMES CORRADO, GERALD CORRADO, PETER CORRADO, and JOSEPH CORRADO were officers, directors, and controlling stockholders of FAMILY FIDELITY INSURANCE. Pursuant to federal regulations, FAMILY FIDELITY INSURANCE, upon its acquisition of the FAMILY FIRST stock, was deemed to be acting in concert with, and a member of, the Control Group. The Control Group, following FAMILY FIDELITY INSURANCE's stock purchases, owned and controlled (within the meaning of 12 C.F.R. Part 574) well in excess of 25% of FAMILY FIRST's stock. FAMILY FIDELITY INSURANCE, prior to its stock purchases, failed to file an H-(e)1 application with the OTS.

The September 1991 Stock Acquisitions

In September 1991, FAMILY FIRST issued and sold 200,000 additional shares of common stock in order to increase its capital to comply with regulatory requirements. JAMES CORRADO and Control Group members Ronald Tobia and Joseph Servidone each purchased 38,000 shares of FAMILY FIRST stock in connection with this private placement of stock.

III. Findings about Certain Family First Loans

A. Loans Made in the Name of Odarroc

Federal regulations provide that both a director and a company controlled by a director are "affiliated persons" of the director's savings association for purposes of federal conflict-of-interest regulations. Accordingly, JAMES CORRADO and his companies have been affiliated persons of FAMILY FIRST. At all pertinent times, federal conflict-of-interest regulations prohibited FAMILY FIRST from extending, directly or indirectly, commercial credit of more than $100,000 to any of its affiliated persons.

Odarroc, Inc. is a company that has been owned and controlled by JAMES CORRADO. Since 1987, GERALD CORRADO, PETER CORRADO, and JOSEPH CORRADO have been officers of Odarroc. In view of JAMES CORRADO's interests in this company, it was clear, prior to early 1989, that Odarroc was an affiliated person of FAMILY FIRST for purposes of federal conflict-of-interest regulations. In about late 1988 or early 1989, JAMES CORRADO transferred his Odarroc stock to his sons, and had his sons assume his director and officer positions with the company. However, JAMES CORRADO continued to be affiliated with Odarroc.

In December 1988, FAMILY FIRST granted Odarroc's application for a $1.1 million loan on the security of commercial real estate; the loan application was signed by PETER CORRADO. Neither JAMES CORRADO nor PETER CORRADO disclosed to FAMILY FIRST's Board of Directors that the proceeds of the loan would be used, and subsequently were used, to pay off a commercial bank loan of JAMES CORRADO. Under the circumstances the OTS is of the opinion that Odarroc was an affiliated person of FAMILY FIRST in December 1988. However, assuming for the sake of argument that it was not, the above-described loan constituted an indirect extension of substantial commercial credit for the benefit of JAMES CORRADO.

In February 1989, JAMES CORRADO, with Ronald Tobia's assistance, arranged for Odarroc to apply to FAMILY FIRST for a $2.7 million commercial loan that in part would refinance the $1.1 million loan of December 1988. The loan application, signed by PETER CORRADO, stated that the purpose of Odarroc's loan was: "Debt consolidation, working capital." FAMILY FIRST granted the loan application, and funded the loan on February 17, 1989. Net loan proceeds of $2,083,562 were disbursed to Odarroc after paying off the balance of its outstanding loan. On the same day, Odarroc distributed $701,731 of the loan funds to JAMES CORRADO, and the remaining funds were distributed to PETER CORRADO, JOSEPH CORRADO, and GERALD CORRADO.[5] The OTS is of the opinion that JAMES CORRADO violated federal conflict-of-interest regulations in connection with the Odarroc loan transactions.

B. The ABK Enterprises Loans

ABK Enterprises is a partnership organized for the purchase and development of real estate. Among its original partners was Ronald L. Tobia, as trustee for the benefit of the minor children of FAMILY FIRST director Joseph Servidone. FAMILY FIRST's corporate minutes and other records show that since June 1989 FAMILY FIRST's directors, including JAMES CORRADO, were made aware that ABK Enterprises was an affiliated person of FAMILY FIRST. Accordingly, federal conflict-of-interest regulations prohibited FAMILY FIRST from extending commercial credit of more than $100,000 to ABK Enterprises.

In February 1990, FAMILY FIRST granted applications by ABK Enterprises for two commercial loans totaling $900,000. At about the same time, Ronald L. Tobia arranged for a reorganization of the ABK Enterprises partnership so that he, in his personal capacity, other attorneys with the Schwartz,

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5. The $2.7 million loan to Odarroc was paid in full on August 30, 1993.

Tobia & Stanziale firm, JAMES CORRADO and certain other FAMILY FIRST directors would become general partners of ABK Enterprises upon funding of the loans.

In March 1990, FAMILY FIRST funded the two ABK loans. On the same day, the ABK Enterprises partnership was expanded to include as general partners: Ronald Tobia, JAMES CORRADO, three other attorneys with the Schwartz, Tobia & Stanziale firm, and three other FAMILY FIRST directors. JAMES CORRADO therefore participated in violations of federal conflict-of-interest regulations in connection with the ABK loans. In less than a month after the funding of the loans FAMILY FIRST sold the loans to FAMILY FIDELITY INSURANCE.

WHEREAS, as a result of information obtained during the Investigation, the OTS is of the opinion that the grounds exist for the OTS to seek the issuance of certain agency orders, pursuant to provisions of Section 8 of the Federal Deposit Insurance Act ("FDIA"), 12 U.S.C.A. § 1818, and Section 10 of the Home Owners' Loan Act ("HOLA"), 12 U.S.C.A. § 1467a, against the RESPONDENTS; and

WHEREAS, the RESPONDENTS neither admit nor deny the OTS' findings and allegations arising from the Investigation; and

WHEREAS, each of the RESPONDENTS has stipulated and consented to the issuance of this Order by executing the attached Stipulation and Consent, the terms of which are hereby incorporated into this Order by this reference.

NOW THEREFORE, the Director of OTS, pursuant to 12 U.S.C.A. §§ 1818(b), 1818(i)(2), and 1467a(i)(2), HEREBY ORDERS as follows:

1. Definitions. For all purposes of this Order and the attached Stipulation and Consent, terms not otherwise defined in this Order or in the Stipulation and Consent shall have the meanings set forth in the HOLA, the FDIA, and the OTS' regulations thereunder. For the purposes of this Order and the attached

Stipulation and Consent, the following definitions shall apply:

"Acquire" has the meaning set forth at 12 C.F.R. § 574.2(a) (1993);

"Company" has the meaning set forth at 12 C.F.R. § 574.2(f) (1993);

"Control" has the meaning set forth at 12 C.F.R. § 215.2(b) (1993) unless otherwise specified;

"Corrado-Affiliated Company" means any Company owned by, or under the Control of, JAMES CORRADO, PETER CORRADO, GERALD CORRADO, JOSEPH CORRADO, PATRICIA CORRADO HELD, or any member of their Immediate Families;

"Disqualified Acquiror" refers to (x) each of the RESPONDENTS and any member of their Immediate Families (y) Joseph Servidone, Ronald Tobia, any member of their respective Immediate Families, or any Company Controlled by any of them; or (z) any Corrado-Affiliated Company;

"Disposition Trust Agreement" refers to the trust agreement required by paragraph 7 of this Order.

"Disposition Trust Stock" refers to the 125,699 shares of FAMILY FIRST stock (comprised of 69,900 shares of James Corrado Stock, Divested Second Generation Stock, and Family Fidelity Stock) that are required to be transferred to the Disposition Trustee pursuant to paragraphs 5, 6 and 7 of this Order.

"Disposition Trustee" means the trustee (including any successor trustee) who is a party to the Disposition Trust Agreement.

"Divested Second Generation Stock" means the 25,799

shares of Second Generation Stock required to be divested pursuant to paragraph 5 of this Order.

"Family Fidelity Stock" means all of the 30,000 shares of FAMILY FIRST common stock owned by FAMILY FIDELITY INSURANCE (identified at Schedule C attached hereto).

"Immediate Family" has the meaning set forth at 12 C.F.R. § 574.2(j) (1993);

"Institution-Affiliated Party" has the meaning set forth at 12 U.S.C.A. § 1813(u) (West 1989);

"James Corrado Stock" means all of the 83,000 shares of FAMILY FIRST common stock owned by JAMES CORRADO, which shares are identified at Schedule A attached hereto;

"Office of Thrift Supervision" or ("OTS") means the federal banking agency of that name, established by the HOLA, as amended, and includes any of its predecessors and successors;

"RESPONDENTS" refers collectively to JAMES CORRADO, PETER CORRADO, GERALD CORRADO, JOSEPH CORRADO, PATRICIA CORRADO HELD, and FAMILY FIDELITY INSURANCE.

"Second Generation Stock" means all the 121,878 shares of FAMILY FIRST common stock owned or controlled by PETER CORRADO, GERALD CORRADO, JOSEPH CORRADO, PATRICIA CORRADO HELD, and/or their spouses, which (y) are not included in the Third Generation Stock, and (z) are identified at Schedule B attached hereto;

"Third Generation Stock" refers to all of the 56,000 shares of FAMILY FIRST common stock held by GERALD CORRADO, PETER CORRADO, JOSEPH CORRADO, and/or PATRICIA CORRADO, on behalf of their respective children, which shares are identified at Schedule

D attached hereto.

"Third Generation Trust Agreement" means the trust agreement required by paragraph 8 of this Order, a form of which is attached hereto as Appendix B and captioned as the "JAMES A. CORRADO GRANDCHILDREN'S TRUST."

"Third Generation Trustee" means the trustee (including any successor trustee) that is a party to the Third Generation Trust Agreement.

2. Restrictions on Banking Activities of James Corrado.

(a) JAMES CORRADO shall: (i) resign from, and cease serving as a member of, the Board of Directors of FAMILY FIRST within ten (10) days of issuance of this Order; (ii) not serve as a director, officer, employee, agent, or other Institution-Affiliated Party of FAMILY FIRST; and (iii) cease and desist from participating in any manner in the conduct of the affairs of FAMILY FIRST without prior written non-objection from the OTS. Notwithstanding the foregoing, the provisions of this paragraph 2(a) shall not prohibit JAMES CORRADO from: (i) holding the honorary title of Director Emeritus of FAMILY FIRST, provided that JAMES CORRADO does not attend or otherwise participate in meetings of FAMILY FIRST's Board of Directors; and (ii) attending meetings of the stockholders of FAMILY FIRST so long as he does not vote on any matters submitted to shareholder vote.

(b) JAMES CORRADO, without first obtaining the prior written non-objection of the OTS and the appropriate Federal financial institutions regulatory agency (as defined in 12 U.S.C.A. § 1818(e)(7)(D)), shall not be or serve as a director,

officer, employee, agent or other Institution-Affiliated Party of: (i) any savings association (within the meaning of 12 U.S.C.A. § 1813(b)(1)); (ii) any other insured depository institution (within the meaning of 12 U.S.C.A. § 1813(c)(2)); (iii) any savings and loan holding company, savings association service corporation, operating subsidiary, or other entity covered by 12 U.S.C.A. § 1818(b)(9) (West Supp. 1993); or (iv) any other institution or entity covered by 12 U.S.C.A. § 1818(e)(7)(A).

3. Compliance with Federal Laws and Regulations.

(a) Each of the RESPONDENTS shall comply, and shall cause any and all Corrado-Affiliated Companies to comply, in all respects with the following laws and regulations (including any successor laws and regulations): (i) the Savings and Loan Holding Company Act, currently set forth at Section 10 of the HOLA (12 U.S.C.A. § 1467a); (ii) the Change in Bank Control Act, currently set forth at Section 7(j) of the FDIA (12 U.S.C.A. § 1817(j)); and (iii) the regulations of the federal banking agencies issued pursuant to the aforesaid federal laws, including but not limited to 12 C.F.R. Parts 574 and 584.

(b) JAMES CORRADO, PETER CORRADO, GERALD CORRADO, JOSEPH CORRADO, and all Corrado-Affiliated Companies shall comply in all respects with, and not participate in violations of: (i) Section 11 of the HOLA (12 U.S.C.A. § 1468); (ii) Sections 23A, 23B, and 22(f) of the Federal Reserve Act (12 U.S.C.A. §§ 371c, 371c-1, and 375b); (iii) the rules, regulations and policy statements of the federal banking agencies issued pursuant to the aforesaid laws or otherwise concerning banking transactions with affiliates or

affiliated persons, including but not limited to 12 C.F.R. §§ 563.43 and 571.7 and 12 C.F.R. Part 215.

4. Restrictions concerning Family First Stock.

(a) JAMES CORRADO, without first obtaining the prior written non-objection of the OTS or except as required by this Order, shall not, directly or indirectly, (i) exercise any stockholder voting rights with respect to any common stock of FAMILY FIRST owned or controlled by him; or (ii) otherwise solicit, procure, transfer, attempt to transfer, vote, or attempt to vote any proxy, consent, or authorization with respect to any stockholder voting rights at FAMILY FIRST.

(b) Except as otherwise provided herein, none of the RESPONDENTS and no Corrado-Affiliated Company shall, directly or indirectly, purchase or otherwise Acquire any FAMILY FIRST common stock or any other FAMILY FIRST securities unless: (i) the OTS has provided the acquiror with written approval or a written notice of non-objection prior to any such acquisition; and (ii) such acquisition is made in compliance with the Savings and Loan Holding Company Act, 12 U.S.C.A. § 1467a, or the Change in Bank Control Act, 12 U.S.C.A. § 1817(j), and the OTS' regulations thereunder, 12 C.F.R. Parts 574 and 584.

5. Divestiture of Certain Second Generation Stock.

(a) PETER CORRADO, GERALD CORRADO, JOSEPH CORRADO, and PATRICIA CORRADO HELD, within thirty (30) days from the date of issuance of this Order (or such later date authorized in writing by the OTS), shall divest themselves of ownership and control of sufficient shares of the Second Generation Stock (identified at

Schedule B attached hereto) so as to reduce their aggregate holdings (including the holdings of their spouses) to less than 9.9% of the outstanding FAMILY FIRST Stock, by divesting 25,799 shares of the Second Generation Stock (the "Divested Second Generation Stock") in the manner required by this Order.

(b) PETER CORRADO, GERALD CORRADO, and JOSEPH CORRADO shall comply with the requirements of subparagraph 5(a) hereof by each transferring (by sale or otherwise) all right, title and interest in 6,933 shares of their respective shares of Second Generation Stock to JAMES CORRADO, who on the same date shall transfer all right, title, and interest in such stock to the Disposition Trustee, as required by paragraph 7 hereof.

(c) PATRICIA CORRADO HELD shall comply with the requirements of subparagraph 5(a) hereof by transferring (by sale or otherwise) all right, title and interest in 5,000 shares of her respective shares of Second Generation Stock to JAMES CORRADO, who on the same date shall transfer all right, title, and interest in such stock to the Disposition Trustee, as required by paragraph 7 hereof.

(d) Nothing in this Order restricts PETER CORRADO, GERALD CORRADO, JOSEPH CORRADO, and PATRICIA CORRADO HELD from exercising any rights (including but not limited to voting rights) they each may have with respect to those shares of Second Generation Stock not required to be divested under this paragraph 5.

6. <u>Divestiture of Family Fidelity Stock.</u> FAMILY FIDELITY INSURANCE (including its directors and officers), within thirty

(30) days from the date of issuance of this Order (or such later date authorized in writing by the OTS), shall divest itself entirely of ownership and control of the 30,000 shares of FAMILY FIRST stock owned by it, which shares are identified at Schedule C (the "Family Fidelity Stock"), by transferring (by sale or otherwise) all right, title and interest in the Family Fidelity Stock to JAMES CORRADO, who on the same date shall transfer all right, title, and interest in such stock to the Disposition Trustee, as required by paragraph 7 hereof.

7. Divestiture of Family First Stock by James Corrado.

(a) JAMES CORRADO, within thirty (30) days of issuance of this Order (or such later date authorized in writing by the OTS), shall divest himself of ownership and control of the 83,000 shares of James Corrado Stock, the 25,799 shares of Divested Second Generation Stock, and the 30,000 shares of Family Fidelity Stock, by:

(i) transferring as a gift the 13,100 shares of James Corrado Stock represented by stock certificate no. 358 to the Third Generation Trustee, who shall hold such shares pursuant to the Third Generation Trust required by paragraph 8 of this Order;

(ii) transferring to a trustee (the "Disposition Trustee") the Disposition Trust Stock comprised of: (x) the remaining 69,900 shares of James Corrado Stock (represented by stock certificates no. 071, 456, and 717); (y) the 25,799 shares of Divested Second Generation Stock; and (z) the 30,000 shares of Family Fidelity Stock;

(iii) executing and delivering to the OTS and the Disposition Trustee a trust agreement (the "Disposition Trust Agreement"), which shall: (x) conform with the requirements of subparagraph 7(b) hereof; and (y) be acceptable in form and content to the OTS; and (z) be substantially in the form attached hereto as Appendix A;

(iv) executing and delivering to the Disposition Trustee the proxies required by the Disposition Trust Agreement; and

(v) complying in all respects with the Disposition Trust Agreement, the terms of which are hereby incorporated by reference into this Order.

(b) The Disposition Trust Agreement shall include terms and conditions that: (i) require the Disposition Trust Stock to be sold in one or more bona fide transactions for fair value by no later than December 31, 1997; (ii) prohibit the sale or other bona fide disposition of the Disposition Trust Stock to any Disqualified Acquiror (as defined at paragraph 1 hereof); (iii) grant the Disposition Trustee full power and authority to sell the Disposition Trust Stock in accordance with the terms of the Disposition Trust Agreement; (iv) give the Disposition Trustee the sole power and authority to exercise the voting rights relative to all of the Disposition Trust Stock; (v) authorize the OTS to choose and appoint the Disposition Trustee (including any successor trustee); and (vi) require JAMES CORRADO to compensate and indemnify the Disposition Trustee.

8. Establishment of Trust for Third Generation Stock. PETER CORRADO, GERALD CORRADO, JOSEPH CORRADO, and PATRICIA CORRADO HELD, within thirty (30) days of issuance of this Order (or such later date authorized in writing by the OTS), shall divest themselves of control of the Third Generation Stock (identified at Schedule D attached hereto) by:

(i) transferring the Third Generation Stock to a trustee acceptable to the OTS (the "Third Generation Trustee"), who shall (y) be compensated and indemnified by them, and (z) hold the Third Generation Stock in trust for the benefit of JAMES CORRADO's grandchildren pursuant to the trust agreement required

by this paragraph (the "Third Generation Trust Agreement");

(ii) executing and delivering the Third Generation Trust Agreement, which shall: (w) be substantially in the form attached hereto as Appendix B; (x) be acceptable in form and content to the OTS, as indicated by OTS' issuance of a written notice of non-objection prior to execution thereof; (y) not permit any sale or other transfer of any of the Third Generation Stock to any Disqualified Acquiror; and (z) authorize and empower the Third Generation Trustee to have the sole power and authority to exercise the voting rights relative to the stock subject to the trust; provided, however, that said trustee shall vote in a manner that the trustee reasonably determines, in good faith, to be in the best interests of FAMILY FIRST and its stockholders;

(iii) executing and delivering such proxies as may be necessary to give the trustee the sole power and authority to exercise the voting rights relative to the stock subject to the trust; and

(iv) providing the Third Generation Trustee with a copy of this Order.

9. Certain Restrictions and Other Affirmative Action.

(a) PETER CORRADO, GERALD CORRADO, JOSEPH CORRADO, and PATRICIA CORRADO HELD, shall not serve as a director, officer, or employee of FAMILY FIRST without first obtaining the prior written non-objection of the OTS.

(b) None of the RESPONDENTS and no Corrado-Affiliated Company shall directly or indirectly finance the acquistion by any person or company of any FAMILY FIRST stock sold or otherwise disposed of by the Disposition Trustee or the Third Generation Trustee.

(c) None of the RESPONDENTS shall directly or indirectly influence the manner in which the Disposition Trustee and the Third Generation Trustee exercise voting rights with respect to the FAMILY FIRST stock subject to the trust agreements required by

this Order.

10. Certain Business Relationships with Family First.

(a) Nothing in this Order shall preclude JAMES CORRADO, any of the other RESPONDENTS, or any Corrado-Affiliated Company from maintaining deposit relationships with FAMILY FIRST, so long as such relationships are established and maintained on the same terms as those prevailing at the same time for comparable deposit relationships FAMILY FIRST has with other persons not subject to this Order, as established by FAMILY FIRST's Board of Directors at a duly called and held meeting thereof.

(b) JAMES CORRADO, the other RESPONDENTS, and each Corrado-Affiliated Company shall not seek, accept or obtain credit from FAMILY FIRST, unless such credit: (i) is extended on substantially the same terms, including interest rates and collateral, as those prevailing at the same time for comparable transactions by FAMILY FIRST with other persons not subject to this Order; (ii) does not involve more than the normal risk of repayment or features unfavorable to FAMILY FIRST; (iii) is approved, prior to commitment and funding, by FAMILY FIRST's Board of Directors at a duly called and held meeting thereof; and (iv) does not involve a violation of any of the laws, rules, or regulations covered by paragraph 3(b) of this Order. In addition, JAMES CORRADO and all Corrado-Affiliated Companies shall be prohibited from directly or indirectly obtaining new extensions of credit from FAMILY FIRST until after JAMES CORRADO has: (i) resigned from the Board of Directors of FAMILY FIRST; and (ii) executed the Disposition Trust Agreement and delivered to the

Disposition Trustee the Disposition Trust Stock and proxies, as required by paragraph 7 hereof.

11. Civil Money Penalty Assessments.

(a) Within ten (10) days of issuance of this Order, JAMES CORRADO shall pay a civil money penalty in the amount of Thirty Thousand Dollars ($30,000.00 U.S.) by delivering one or more certified or cashier's checks to the OTS' Controller's Division, which check(s) shall be made payable to the order of the Treasurer of the United States.

(b) Within ten (10) days of issuance of this Order, PETER CORRADO, GERALD CORRADO, and JOSEPH CORRADO each shall pay a civil money penalty in the amount of Three Thousand Seven Hundred Fifty Dollars ($3,750.00 U.S.) by delivering one or more certified or cashier's checks to the OTS' Controller's Division, which check(s) shall be made payable to the order of the Treasurer of the United States.

(c) Within ten (10) days of issuance of this Order, PATRICIA CORRADO HELD shall pay a civil money penalty in the amount of Two Thousand Five Hundred Dollars ($2,500.00 U.S.) by delivering one or more certified or cashier's checks to the OTS' Controller's Division, which check(s) shall be made payable to the order of the Treasurer of the United States.

(d) Within ten (10) days of issuance of this Order, FAMILY FIDELITY INSURANCE shall pay a civil money penalty in the amount of Ten Thousand Dollars ($10,000.00 U.S.) by delivering one or more certified or cashier's checks to the OTS' Controller's Division, which check(s) shall be made payable to the order of the

Treasurer of the United States.

12. Effective Date. This Order shall be and is effective and enforceable upon service on counsel for the RESPONDENTS.

SO ORDERED on this 25th day of January, 1994.

OFFICE OF THRIFT SUPERVISION

/s/

By: _____
Robert C. Albanese
Regional Deputy Director, Northeast

(11.30)