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UNITED STATES OF AMERICA
Before the
OFFICE OF THRIFT SUPERVISION

In the Matter of)	Order No.: SE-08-07
)	
)	
Federal Trust Corporation)	Effective Date: May 12, 2008
)	
Sanford, Florida)	
OTS Docket No. H-1335)	

ORDER TO CEASE AND DESIST

WHEREAS, Federal Trust Corporation, Sanford, Florida, OTS Docket No. H-1335 (Holding Company), 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, Holding Company, 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 Southeast Region (Regional Director), is authorized to issue consent Orders to Cease and Desist where a savings and loan holding company has consented to the issuance of an order.

NOW, THEREFORE, IT IS ORDERED that:

Dividends.

1. Effective immediately, the Holding Company shall neither accept nor request that Federal Trust Bank, a wholly owned savings association subsidiary (Savings Association), make or pay any dividends or other capital distributions, as that term is defined in 12 C.F.R. § 563.134, or commit to make or pay dividends or any other capital distributions, without receiving the prior written approval of the Regional Director. The Holding Company's written request for such approval should be submitted to the Regional Director at least forty-five (45) days prior to the anticipated date of the proposed dividend payment or distribution of capital.

Thrift Oversight.

2. Effective immediately, the Holding Company shall exercise the necessary oversight of the Savings Association and its compliance with applicable law, rule, regulation or agency guidance and the terms of any outstanding OTS enforcement action against the Savings Association.

Intercompany Transactions.

3. Effective immediately, the Holding Company shall not enter into any new agreements, contracts or arrangements with the Savings Association or renew, amend or modify any existing agreements, contracts or arrangements with the Savings Association without receiving the prior written approval of the Regional Director.

4. Effective immediately, the Holding Company shall not engage in any transactions with the Savings Association, including but not limited to the making and receiving of any loans or the purchase or sale of any assets, without the prior written approval of the Regional Director.

Capital.

5. Within thirty (30) days after the Effective Date of this Order, the Board shall prepare and

submit for Regional Director review and approval, a written plan improving and thereafter maintaining the level, strength and integrity of the Holding Company's capital (Capital Augmentation Plan). At a minimum, the Capital Augmentation Plan shall:

- (a) establish the amount of additional capital that is needed and will be raised;
- (b) detail the method by which the additional capital will be raised and from whom:

and

- (c) establish an alternative strategy to be implemented immediately if the Board's initial attempts to raise additional capital are unsuccessful.

6. The Board shall implement the revised Capital Augmentation Plan and obtain the projected additional capital no later than July 15, 2008.

7. If the Board cannot timely accomplish the goals established in the Capital Augmentation Plan and obtain the projected additional capital in compliance with Paragraph 6 of this Order, the Board shall immediately seek a merger or acquisition partner pursuant to the provisions of the Capital Augmentation Plan previously established and approved by the Regional Director in compliance with Paragraph 5.c. of this Order. The Board shall provide the Regional Director written notice of its inability to comply with Paragraph 6 of this Order immediately upon such determination that the capital raising efforts will be unsuccessful (Capital Notice). The Board also shall provide the Regional Director with a copy of a definitive merger agreement not later than August 31, 2008. Not later than two (2) weeks after issuance of the Capital Notice, the Board shall provide the Regional Director with a written update on the status of its efforts to effect a merger or acquisition. Thereafter, written updates shall continue to be provided to the Regional Director on a biweekly basis until consummation of a merger or acquisition.

8. **Effective Date, Incorporation of Stipulation.**

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.

9. **Duration.**

This Order shall remain in effect until terminated, modified or suspended, by written notice of such action by OTS, acting by and through its authorized representatives.

10. **Time Calculations.**

(a) Calculation of time limitations for compliance with the terms of this Order run from the Effective Date and shall be calendar based, unless otherwise noted; and

(b) The Regional Director may extend any of the deadlines set forth in the provisions of this Order upon written request by the Holding Company that includes reasons in support for any such extension. Any OTS extension shall be made in writing.

11. **Submissions and Notices.**

(a) All submissions, including progress reports, to OTS that are required by or contemplated by this Order shall be submitted within the specified timeframes;

(b) 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:

- (i) To OTS:
John E. Ryan
Regional Director
1475 Peachtree St., N.E.
Atlanta, Georgia 30309

(ii) To Holding Company:
Dennis Ward, Chief Executive Officer
Federal Trust Corporation
312 West First Street
Sanford, Florida 32771

12. **No Violations Authorized.**

Nothing in this Order or the Stipulation shall be construed as allowing the Holding Company, its Board, officers or employees to violate any law, rule, or regulation.

IT IS SO ORDERED.

OFFICE OF THRIFT SUPERVISION

By: _____ /s/ _____

John E. Ryan

Regional Director, Southeast Region

Date: See Effective Date on page 1

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Before the
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Federal Trust Corporation)	Effective Date: May 12, 2008
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Sanford, Florida)	
OTS Docket No. H-1335)	

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 Southeast Region (Regional Director), and based upon information derived from the exercise of its regulatory and supervisory responsibilities, has informed Federal Trust Corporation, Sanford, Florida, OTS Docket No. H-1335 (Holding Company) that OTS is of the opinion that grounds exist to initiate an administrative proceeding against the Holding Company 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 orders where a savings and loan holding company has consented to the issuance of an order; and

WHEREAS, the Holding Company desires to cooperate with OTS to avoid the time and expense of such administrative cease and desist proceedings 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 Paragraph

1 below concerning Jurisdiction, hereby stipulates and agrees to the following terms:

1. Jurisdiction.

(a) the Holding Company is a "savings and loan holding company" within the meaning of 12 U.S.C. § 1813(w)(3) and 12 U.S.C. § 1467a. Accordingly, the Holding Company is a "depository institution holding company" as that term is defined in 12 U.S.C. § 1813(w)(1).

(b) Pursuant to 12 U.S.C. § 1818(b)(9), the "appropriate Federal banking agency" may initiate a cease-and-desist proceeding against a savings and loan holding company in the same manner and to the same extent as a savings association for regulatory violations and unsafe and unsound acts or practices; and

(c) Pursuant to 12 U.S.C. § 1818(3)(q), the Director of OTS is the "appropriate Federal Banking agency" with jurisdiction to maintain an administrative enforcement proceeding against a savings and loan holding company. Therefore, the Holding Company is subject to the authority of OTS to initiate and maintain an administrative cease-and-desist proceeding against it pursuant to 12 U.S.C. § 1818(b).

2. OTS Findings of Fact.

(a) Based on its September 17, 2007 examination of Federal Trust Bank, Sanford, Florida, OTS Docket No. 08484 (Savings Association), OTS finds the Savings Association has engaged in unsafe and unsound banking practices, including unsafe and unsound real estate lending practices, and failed to comply with requirements of various laws and regulations, including but not limited to 12 C.F.R. §§ 560.93, 560.101, 560.160, and 560.170.

(b) Based on its September 17, 2007 examination of the Holding Company, OTS finds that the Holding Company has engaged in unsafe and unsound banking practices, has failed to ensure that the Savings Association, a wholly owned savings association subsidiary, is

complying with applicable laws, rules, regulations and agency guidance regarding commercial loan underwriting, administration and monitoring; internal loan review and grading systems, policies and procedures; establishment of appropriate allowance for loan and lease loss (ALLL) methodologies; and establishment and maintenance of appropriate ALLL levels on an ongoing basis.

3. Consent.

The Holding Company consents to the issuance by OTS of the accompanying Order to Cease and Desist (Order). The Holding Company 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.

4. Finality.

The Order is issued by OTS under 12 U.S.C. § 1818(b) and upon the Effective Date it shall be a final order, effective and fully enforceable by OTS under the provisions of 12 U.S.C. § 1818(i).

5. Waivers.

The Holding Company waives the following:

(a) The right to be served with a written notice of 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 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 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.

6. OTS Authority Not Affected.

Nothing in this Stipulation or accompanying Order shall inhibit, estop, bar or otherwise prevent OTS from taking any other action affecting the Holding Company if at any time OTS deems it appropriate to do so to fulfill the responsibilities placed upon OTS by law.

7. Other Governmental Actions Not Affected.

The Holding Company 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 6 above, and does not otherwise release, discharge, compromise, settle, dismiss, resolve, or in any way affect any actions, charges against, or liability of the Holding Company that arise pursuant to this action or otherwise, and that may be or have been brought by any governmental entity other than OTS.

8. Miscellaneous.

(a) The laws of the United States of America shall govern the construction and validity of this Stipulation and of the Order;

(b) 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;

(c) All references to OTS in this Stipulation and the Order shall also mean any of the OTS's predecessors, successors, and assigns;

(d) 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;

(e) 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; and

(f) The Stipulation and Order shall remain in effect until terminated, modified, or suspended in writing by OTS, acting through its Regional Director or other authorized representative.

9. **Signature of Directors/Board Resolution.**

Each Director signing this Stipulation attests that he or she voted in favor of a Board Resolution authorizing the consent of the Holding Company to the issuance of the Order and the execution of the Stipulation.

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WHEREFORE, the Holding Company, by its directors, executes this Stipulation.

Accepted by:

FEDERAL TRUST CORPORATION
Sanford, Florida

OFFICE OF THRIFT SUPERVISION

By: _____ /s/
Robert G. Cox
Chairman

By: _____ /s/
John E. Ryan
Regional Director, Southeast Region

Date: _____

Date: See Effective Date on page 1

_____/s/
Dennis T. Ward, Director

_____/s/
Samuel C. Certo, Director

_____/s/
Kenneth W. Hill, Director

George A. Iglar, Director

_____/s/
Eric J. Reinhold, Director

_____/s/
Charles R. Webb, Director