

**UNITED STATES OF AMERICA
Before the
OFFICE OF THRIFT SUPERVISION**

In the Matter of)

Order No.: NE-10-13

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**GEDDES FEDERAL SAVINGS &
LOAN ASSOCIATION**)

Effective Date: June 1, 2010

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Syracuse, New York)
OTS Docket No. 05278)
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ORDER TO CEASE AND DESIST

WHEREAS, Geddes Federal Savings & Loan Association, Syracuse, New York, OTS Docket No. 05278 (Association), by and through its Board of Directors (Board), has executed a Stipulation and Consent to the Issuance of an Order to Cease and Desist (Stipulation); and

WHEREAS, the Association, by executing the Stipulation, has consented and agreed to the issuance of this Order to Cease and Desist (Order) by the Office of Thrift Supervision (OTS) pursuant to 12 U.S.C. § 1818(b); and

WHEREAS, pursuant to delegated authority, the OTS Regional Director for the Northeast Region (Regional Director) is authorized to issue Orders to Cease and Desist where a savings association has consented to the issuance of an order.

NOW, THEREFORE, IT IS ORDERED that:

Cease and Desist.

1. The Association and its directors, employees, and agents shall cease and desist from any action (alone or with another or others) for or toward causing, bringing about, participating in, counseling, or the aiding and abetting violations of the following laws or regulations:

(a) 31 U.S.C. § 5318(h), 31 C.F.R. § 103.120(b), and 12 C.F.R. § 563.177 (requiring effective Bank Secrecy Act and Anti-Money Laundering Compliance Programs);

(b) 31 U.S.C. § 5318(h)(A) and 12 C.F.R. § 563.177(c)(1) (requiring the development of a system of internal controls to assure ongoing compliance);

(c) 31 U.S.C. § 5318(h)(C) and 12 C.F.R. § 563.177(c)(4) (requiring the provision of ongoing training for relevant employees); and

(d) 31 U.S.C. § 5318(h)(D) and 12 C.F.R. § 563.177(c)(2) (requiring the independent testing for compliance to ensure compliance with Bank Secrecy Act and Anti-Money Laundering regulations).

Bank Secrecy Act/Anti-Money Laundering Compliance Program.

2. Within ninety (90) days, the Association shall revise its current written Bank Secrecy Act/Anti-Money Laundering (BSA/AML) Compliance Program to address all findings and recommendations in the Association's November 9, 2009 Report of Examination (2009 ROE) and comply with the Currency and Foreign Transactions Reporting Act, as amended by the USA Patriot Act and other laws (the Bank Secrecy Act or BSA), 31 U.S.C. §§ 5311 et seq., and the related regulations issued and/or administered by the U.S. Department of the Treasury's Financial Crimes Enforcement Network (FinCEN), 31 C.F.R. §§ 103.11 et seq., and the related BSA regulations issued by OTS, 12 C.F.R. § 563.177 (collectively, the BSA Laws and Regulations), the FinCEN regulations governing suspicious activity reports (SAR) set forth at 31

C.F.R. § 103.18, the OTS SAR regulations set forth at 12 C.F.R. § 563.180 (the SAR Regulations), and the Office of Foreign Assets Control (OFAC) regulations set forth at 31 C.F.R. Part 500 (the OFAC Regulations); that is based upon an assessment of the Association's BSA/AML risks. Thereafter, within ninety (90) days after the end of each calendar year, beginning with the year 2011, the Association shall review and update its BSA/AML Compliance program.

Risk Assessment.

3. Within sixty (60) days, the Association shall modify its BSA/AML Compliance Program to require that a BSA/AML/OFAC Risk Assessment be conducted within ninety (90) days after the end of each calendar year.

4. Within ninety (90) days, the Association shall conduct a thorough assessment of the Association's BSA, AML and OFAC risk exposure (BSA/AML/OFAC Risk Assessment), based upon the specific products, services, customers, entities, and geographic locations unique to the Association that may expose it to money laundering, terrorism financing, or other illegal activities, taking into consideration information collected from the Association's customer identification policies, procedures and processes (CIP Policy) and a customer due diligence process (CDD). The BSA/AML/OFAC Risk Assessment shall identify the number of accounts that are both potentially medium or high risk and the basis for such determination. Thereafter, within ninety (90) days after the end of each calendar year, beginning with the year 2011, the Association shall conduct a BSA/AML/OFAC Risk Assessment.

Customer Identification Program.

5. Within ninety (90) days, the Association must ensure that the Association's BSA Compliance Program contains an effective CIP Policy that complies with all applicable laws,

regulations, and regulatory guidance including 31 C.F.R. § 103.121 and 12 C.F.R. 563.177(b).

The Association must also timely obtain and maintain appropriate customer documentation as required by all applicable laws, regulations and regulatory guidance.

Customer Due Diligence.

6. Within ninety (90) days, the Association must ensure that its CIP Policy has adequate CDD policies, procedures and processes to identify customers and customer groups with heightened BSA/AML and OFAC risk, as identified by the Association, including, but not limited to, non-U.S. resident accounts, commercial and business accounts, customers with significant wire transfer activity, and customers generating multiple Currency Transaction Reports (CTR) filings within any 12-month period (collectively, High Risk Customers). The Association shall maintain current customer profiles on High Risk Customers and engage in enhanced due diligence and monitoring of High Risk Customer accounts and transactions.

Currency Transaction Reporting.

7. Within ninety (90) days, the Association must implement a system that ensures daily aggregation of multiple transactions including, but not limited to, multiple cash transactions and wire activity, and the proper filing of a CTR pursuant to 31 C.F.R. § 103.22(c)(2) and 12 C.F.R. § 563.177(c)(1).

8. Within ninety (90) days, the Association must review all multiple cash and wire transactions for the period January 1, 2009 to December 31, 2009, and determine whether any CTRs should have been filed (CTR Review).

9. Within ninety (90) days of the completion of the CTR Review, the Association shall provide a report to the Regional Director containing the results of its CTR Review and complete the filing of a CTR for any transaction(s) for which it determines that a CTR should have been

filed. The report to the Regional Director, at a minimum, shall include: (i) a list of all transactions for which a CTR should have been filed; (ii) the relevant date(s) of the transactions; (iii) a brief description of the facts and circumstances requiring a CTR to be filed; and (iv) the date that each CTR was actually filed.

Suspicious Activity Reporting.

10. Within ninety (90) days, the Association must implement a system to ensure that all transactions are reviewed including, but not limited to, wire activity, and that all suspicious transactions and activity are reported pursuant to 31 C.F.R. § 103.18 and 12 C.F.R. § 563.180(d). The Association must also provide for the monitoring, assessment, and review of the effectiveness of the Association's investigative procedures related to suspicious transactions and activity and the propriety of its decision whether or not to file a SAR; documentation shall be maintained for all filed SARs and for all decisions made to not file a SAR.

11. Within ninety (90) days, the Association must review all multiple cash and wire transactions for the period January 1, 2009 to December 31, 2009, and determine whether any SARs should have been filed (SAR Review).

12. Within ninety (90) days of the completion of the SAR Review, the Association shall provide a report to the Regional Director containing the results of its SAR Review and complete the filing of a SAR for any activity or transaction for which it determines that a SAR should have been filed. The report to the Regional Director, at a minimum, shall include: (i) a list of all transactions or activity for which a SAR should have been filed; (ii) the relevant date(s) of the transaction(s) or activity; (iii) a brief description of the facts and circumstances requiring a SAR to be filed; and (iv) the date that each SAR was actually filed.

Internal Controls.

13. Within ninety (90) days, the Association must implement a system of internal controls to ensure compliance with the BSA Laws and Regulations, the SAR Regulations, and the OFAC Regulations. Such internal controls must include written policies, procedures, and processes to monitor all transactions: (i) to ensure that they are not being conducted for illegal purposes and that there is full compliance with all applicable laws and regulations; and (ii) to report any suspicious transactions and activity.

BSA Training.

14. Within ninety (90) days, the Association's BSA/AML Compliance Program shall be revised to provide BSA/AML training on an annual basis for all Association personnel whose duties require knowledge of the BSA and must maintain written documentation of such training. Thereafter, the Association shall ensure that BSA/AML training is provided consistent with the requirements of the Association's BSA/AML Compliance Program.

15. Within ninety (90) days, the Board shall be provided with BSA/AML training that, at a minimum, covers the importance of BSA/AML regulatory requirements, the ramifications of noncompliance with the BSA/AML regulatory requirements, and the risks posed to the Association in the event of noncompliance with the BSA/AML regulatory requirements.

Independent Testing.

16. Within ninety (90) days, the Association must have an independent test of its BSA Compliance Program by a qualified independent employee or independent third party to ensure the Association's compliance with all applicable BSA Laws and Regulations, SAR Regulations, and OFAC Regulations (BSA Independent Testing). BSA Independent Testing must be: (i)

performed with an appropriate level of frequency; (ii) fully documented; and (iii) conducted with an appropriate segregation of duties.

17. At a minimum, the BSA Independent Testing shall include:

- (a) An evaluation of the overall integrity and effectiveness of the Association's BSA/AML Compliance Program;
- (b) A review of the Association's risk assessment;
- (c) Appropriate risk-based transaction testing;
- (d) An evaluation of the Association's efforts to resolve prior noted deficiencies and/or violations;
- (e) A review of the Association's staff training for adequacy, accuracy, and completeness;
- (f) A review of the Association's suspicious activity monitoring systems;
- (g) An assessment of the Association's overall process for identifying and reporting suspicious activity; and
- (h) An assessment of the integrity and accuracy of the management information systems ("MIS") used in the Association's BSA Compliance Program.

18. Within ninety (90) days, the Association shall provide the Regional Director with a copy of the results of the BSA Independent Testing conducted pursuant to Paragraph 17.

Effective Date, Incorporation of Stipulation.

19. This Order is effective on the Effective Date as shown on the first page. The Stipulation is made a part hereof and is incorporated herein by this reference.

Duration.

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

Time Calculations.

21. Calculation of time limitations for compliance with the terms of this Order run from the Effective Date and shall be based on calendar days, unless otherwise noted.

22. The Regional Director, or an OTS authorized representative, may extend any of the deadlines set forth in the provisions of this Order upon written request by the Association that includes reasons in support for any such extension. Any OTS extension shall be made in writing.

Submissions and Notices.

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

24. Except as otherwise provided herein, all submissions, requests, communications, consents or other documents relating to this Order shall be in writing and sent by first class U.S. mail (or by reputable overnight carrier, electronic facsimile transmission or hand delivery by messenger) addressed as follows:

- (a) To the OTS:
Office of Thrift Supervision
Attn: Michael E. Finn
Regional Director, Northeast Region
Harborside Financial Center Plaza Five
Suite 1600
Jersey City, NJ 07302
Fax: (201) 413-7543

(b) To the Association:
Geddes Federal Savings & Loan Association
Attn: Daniel F. Matthews, III
Chairman, Board of Directors
2208 West Genesee Street
Syracuse, NY 13219-1620.

No Violations Authorized.

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

IT IS SO ORDERED.

OFFICE OF THRIFT SUPERVISION

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

Date: See Effective Date on page 1

UNITED STATES OF AMERICA
Before the
OFFICE OF THRIFT SUPERVISION

In the Matter of)

Order No.: NE-10-13

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GEDDES FEDERAL SAVINGS &
LOAN ASSOCIATION)

Effective Date: June 1, 2010

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Syracuse, New York)
OTS Docket No. 05278)
_____)

STIPULATION AND CONSENT TO ISSUANCE OF ORDER TO CEASE AND DESIST

WHEREAS, the Office of Thrift Supervision (OTS), acting by and through its Regional Director for the Northeast Region (Regional Director), and based upon information derived from the exercise of its regulatory and supervisory responsibilities, has informed Geddes Federal Savings & Loan Association, Syracuse, New York, OTS Docket No. 05278 (Association), that the OTS is of the opinion that grounds exist to initiate an administrative proceeding against the Association pursuant to 12 U.S.C. § 1818(b);

WHEREAS, the Regional Director, pursuant to delegated authority, is authorized to issue Orders to Cease and Desist where a savings association has consented to the issuance of an order; and

WHEREAS, the Association desires to cooperate with the OTS to avoid the time and expense of such administrative cease and desist proceeding by entering into this Stipulation and Consent to the Issuance of Order to Cease and Desist (Stipulation) and, without admitting or

denying that such grounds exist, but only admitting the statements and conclusions in Paragraphs 1 and 2 below concerning Jurisdiction, hereby stipulates and agrees to the following terms:

Jurisdiction.

1. The Association is a “savings association” within the meaning of 12 U.S.C. § 1813(b) and 12 U.S.C. § 1462(4). Accordingly, the Association is “an insured depository institution” as that term is defined in 12 U.S.C. § 1813(c).
2. Pursuant to 12 U.S.C. § 1813(q), the Director of the OTS is the “appropriate Federal banking agency” with jurisdiction to maintain an administrative enforcement proceeding against a savings association. Therefore, the Association is subject to the authority of the OTS to initiate and maintain an administrative cease and desist proceeding against it pursuant to 12 U.S.C. § 1818(b).

OTS Findings of Fact.

3. Based on its November 9, 2009 Report of Examination of the Association, the OTS finds that the Association has violated various laws and regulations, including:

- (a) 31 U.S.C. § 5318(h), 31 C.F.R. § 103.120(b), and 12 C.F.R. § 563.177 (requiring effective Bank Secrecy Act and Anti-Money Laundering Compliance Programs);
- (b) 31 U.S.C. § 5318(h)(A) and 12 C.F.R. § 563.177(c)(1) (requiring the development of a system of internal controls to assure ongoing compliance);
- (c) 31 U.S.C. § 5318(h)(C) and 12 C.F.R. § 563.177(c)(4) (requiring the provision of ongoing training for relevant employees); and
- (d) 31 U.S.C. § 5318(h)(D) and 12 C.F.R. § 563.177(c)(2) (requiring the independent testing for compliance to ensure compliance with Bank Secrecy Act and Anti-Money Laundering regulations).

Consent.

4. The Association consents to the issuance by the OTS of the accompanying Order to Cease and Desist (Order). The Association further agrees to comply with the terms of the Order upon the Effective Date of the Order and stipulates that the Order complies with all requirements of law.

Finality.

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

Waivers.

6. The Association waives the following:

- (a) the right to be served with a written notice of the OTS's charges against it as provided by 12 U.S.C. § 1818(b) and 12 C.F.R. Part 509;
- (b) the right to an administrative hearing of the OTS's charges as provided by 12 U.S.C. § 1818(b) and 12 C.F.R. Part 509;
- (c) the right to seek judicial review of the Order, including, without limitation, any such right provided by 12 U.S.C. § 1818(h), or otherwise to challenge the validity of the Order; and
- (d) any and all claims against the OTS, including its employees and agents, and any other governmental entity for the award of fees, costs, or expenses related to this OTS enforcement matter and/or the Order, whether arising under common law, federal statutes, or otherwise.

OTS Authority Not Affected.

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

Other Governmental Actions Not Affected.

8. The Association acknowledges and agrees that its consent to the issuance of the Order is solely for the purpose of resolving the matters addressed herein, consistent with Paragraph 7 above, and does not otherwise release, discharge, compromise, settle, dismiss, resolve, or in any way affect any actions, charges against, or liability of the Association that arise pursuant to this action or otherwise, and that may be or have been brought by any governmental entity other than the OTS.

Miscellaneous.

9. The laws of the United States of America shall govern the construction and validity of this Stipulation and of the Order.

10. 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.

11. All references to the OTS in this Stipulation and the Order shall also mean any of the OTS's predecessors, successors, and assigns.

12. 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.

13. 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.

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

Signature of Directors/Board Resolution.

15. Each Director signing this Stipulation attests that he or she voted in favor of a Board Resolution authorizing the consent of the Association to the issuance of the Order and the execution of the Stipulation. This Stipulation may be executed in counterparts by the directors after approval of execution of the Stipulation at a duly called board meeting.

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

Accepted by:

**Geddes Federal Savings & Loan Association
Syracuse, New York**

OFFICE OF THRIFT SUPERVISION

By: _____/s/_____
Daniel F. Matthews, III
Chairman

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

Date: See Effective Date on page 1

_____/s/_____
William J. Burke, Director

_____/s/_____
John M. Harrison, Director

_____/s/_____
Robert M. Palladine, Jr., Director

_____/s/_____
Michael G. Pelizzari, Director

_____/s/_____
John J. Petosa, Director

_____/s/_____
Daniel F. Scaia, Director

_____/s/_____
John W. Tarolli, Director