



**Conditional Approval #1147
March 2016**

February 1, 2016

Kendall Coffey, Esq.
Coffey Burlington, PA
2601 South Bayshore Drive, Penthouse
Miami, Florida 33133

Subject: Change in Bank Control Act Notice by Sergey Khotimskiy to Acquire Control of
Home Federal Bank of Hollywood, Hallandale Beach, Florida
OCC Control No: 2015-HQ-CBCA-145397 OCC Charter No: 714725

Dear Mr. Coffey:

The Office of the Comptroller of the Currency (OCC) has reviewed and evaluated the Notice of Change in Bank Control (Notice) for Sergey Khotimskiy (Notificant) to acquire control of Home Federal Bank of Hollywood, Hallandale Beach, Florida (Bank). Based upon a thorough review of all information available, including representations and commitments made by Mr. Khotimskiy, by his representatives, and by the Bank's representatives made in connection with this Notice and in consideration of the relevant regulatory factors, the OCC hereby determines that the Notice is technically complete and does not disapprove the change in control.

Background and Transaction Steps

On October 14, 2015, the Notificant filed the Notice, which seeks to acquire control of the Bank.¹ The Notificant seeks to participate in a private offering of newly issued Bank stock and thereby acquire up to 44.5 percent of the total amount of the Bank's common stock outstanding following the offering. Through this purchase, the Notificant plans to contribute approximately \$3.35 million in capital to the Bank.

Processing of the Change in Bank Control Notice

The OCC processes change in control notices in accordance with the requirements set forth in 12 USC 1817(j)(7) and 12 CFR 5.50(f). The OCC may disapprove a notice if the OCC finds that: (1) the proposed acquisition of control would result in a monopoly or would further any monopoly or conspiracy to monopolize the business of banking anywhere in the United States;

¹ On September 2, 2015, the OCC communicated its intent not to disapprove the Notificant's service as Director of the Bank pursuant to Section 914 of the Financial Institutions Reform, Recovery and Enforcement Act of 1989.

(2) the effect of the proposed acquisition may substantially lessen competition or tend to create a monopoly or in any other manner restrain trade and the anticompetitive effects are not clearly outweighed by benefits to the convenience and needs of the community to be served; (3) either the financial condition of any acquiring party or the future prospects of the bank is such as might jeopardize the stability of the bank or prejudice the interests of its depositors; (4) the competence, experience, or integrity of the acquiring party or of any of the proposed management indicate that it would not be in the interests of the depositors and the public for such persons to control the bank; (5) the acquiring party does not provide the OCC with all required information; or (6) the proposal would result in an adverse effect on the Deposit Insurance Fund. After carefully considering the facts presented in the Notice and the representations made in connection with the Notice, the OCC does not find a basis to disapprove the Notice.

Non-disapproval is granted with the following conditions²:

1. Mr. Khotimskiy shall provide all information, without regard to whether such information is located within or outside the United States, when requested, relating to:
 - a. Enforcement or possible enforcement of, or any proceeding under, any U.S. Law;
 - b. The direct or indirect ownership or control of the Bank; and
 - c. The operations or activities of the Bank, any affiliates, or any institution-affiliated parties (IAP) regarding any violation of law, unsafe or unsound banking practice, or breach of fiduciary duty, under U.S. Law, involving or relating to the Bank.³
2. Mr. Khotimskiy shall take any and all steps necessary to provide the OCC and its staff access to, permit the OCC and its staff to examine, and to provide the OCC and its staff with copies of: all books and records of any affiliates of the Bank; access to electronic records that accurately reflect the information in the books and records of any affiliates of the Bank; and any other information, of or concerning any affiliates of the Bank, as requested by the OCC and its staff, without regard to whether such books and records or other information are located within or outside the United States. Upon request, such books and records shall be provided to the OCC and its staff.
3. Based on the opinion of counsel(s) located in any country where Mr. Khotimskiy or his related interests maintain books and records, Mr. Khotimskiy represents that there are no statutory or regulatory requirements of, or judicial interpretations in, these jurisdictions that would preclude or limit examinations in such jurisdictions, or use in the United States, of the books and records of Mr. Khotimskiy or affiliates of the Bank by any federal banking authority, the U.S. Department of Justice (DOJ), or the U.S. Department of Treasury (Treasury). In addition, based on these opinions of counsel, Mr. Khotimskiy represents that there are no statutory or regulatory requirements of, or judicial

² The documents referenced in these conditions shall be provided to the OCC by Mr. Khotimskiy, translated into English and U.S. dollars by a certified translator, and with a certification that such translation is fair and accurate.

³ For purposes of this letter, the term “affiliates” shall be as defined in 12 USC 371c(b)(1); the term “institution-affiliated parties” or “IAP” shall be as defined in 12 USC 1813(u); and the terms “related interests” and “insider” shall be as defined in 12 CFR 215.2.

interpretations in, these jurisdictions that otherwise would limit the ability of Mr. Khotimskiy to comply fully with the above conditions and representations, except to the extent that waivers of confidentiality by Mr. Khotimskiy would be necessary to permit such examination or use of any affiliates' books and records, which Mr. Khotimskiy shall grant on a continuing basis. Mr. Khotimskiy further represents that there are no statutory or regulatory requirements of any jurisdiction that preclude, limit, or make ineffective, in whole, or in part, this waiver of confidentiality.

4. Mr. Khotimskiy shall consent and submit to the personal jurisdictions of any U.S. federal court of competent jurisdiction and of any federal banking authority for purposes of any investigation or possible investigation, action, subpoena, examination, or proceeding by any federal banking authority, the DOJ, the Treasury, or the OCC relating to the administration or enforcement of any U.S. Law or pursuant to any U.S. Law, including, in particular, section 8 of the Federal Deposit Insurance Act. For purposes of this condition, Mr. Khotimskiy shall at all times maintain in the United States a designated agent, acceptable to the OCC, to accept service on his behalf, including service of any process, notice, order, or subpoena. Mr. Khotimskiy, as of this date, designates Kendall Coffey, located at 2601 South Bayshore Drive, PH1, Miami, FL 33133, as agent to accept such service. Mr. Khotimskiy will not change this designation without notice to, and consent of, the OCC or its staff.
5. Mr. Khotimskiy shall submit the following documents to the OCC prior to the time of Mr. Khotimskiy's acquisition, directly or indirectly, of control of the Bank, as determined under 12 CFR 5.50:
 - a. A notarized and authenticated or certified document, designating the agent to accept service on behalf of Mr. Khotimskiy;
 - b. An opinion of independent counsel in the relevant jurisdictions that find: (i) that each of the conditions is enforceable under the laws of the relevant jurisdictions, and (ii) that there are no statutory or regulatory requirements of, or judicial interpretations in, the relevant jurisdictions that would limit the ability of Mr. Khotimskiy to comply fully with the conditions above, or that would preclude, limit, or make ineffective in whole or in part any such waiver of confidentiality that is granted; and,
 - c. Properly executed written documentation to affect a full waiver of confidentiality under the laws of the relevant jurisdiction, as provided in the conditions above.
6. No later than the time of Mr. Khotimskiy's acquisition, directly or indirectly, of control of the Bank, as determined under 12 CFR 5.50, Mr. Khotimskiy shall provide to the Bank a list of his related interests. Mr. Khotimskiy shall update this list annually or as changes occur in his related interests and provide the updated list to the Bank. Mr. Khotimskiy and each company that is controlled directly or indirectly by him, acting alone or in concert with one or more other persons, shall be deemed to be insiders of the Bank in all dealings with the Bank for purposes of Regulation O.

7. Mr. Khotimskiy and Bank will notify the OCC of any loan or deposit made by Bank to an affiliate that has deposited or loaned funds to Bank, provided the funding for the loan or deposit by Bank is directly or indirectly linked to affiliate's funds on loan or deposit with Bank.
8. Mr. Khotimskiy shall take all necessary steps to not cause, participate in, or allow the Bank to engage in, the international transfer, remittance, or payment of customer or Bank funds except in compliance with safe and sound internal control procedures and operational safeguards. Each such transfer, remittance, or payment shall include written documentation of all relevant information consistent with formally adopted policy and procedures of the Bank and in compliance with all laws, regulations, orders, and directives applicable to the Bank and its officers, directors, and affiliates.
9. Mr. Khotimskiy represents that the funds being used to purchase Bank are not derived directly or indirectly from the foreign bank or its affiliates except to the extent that these funds are derived from usual profits and dividends from foreign bank or its affiliates obtained over the years.
10. None of the capital stock or debt of the Bank will be transferred or pledged to any third party without prior approval of the OCC.
11. Mr. Khotimskiy acknowledges the existence of the Bank's Consent Order dated July 27, 2012, which, among other things, requires the Bank to submit a Strategic and Capital Plan to the OCC for prior no supervisory objection. Accordingly, Mr. Khotimskiy shall take the necessary steps to ensure the Bank complies with this provision and will not change the Bank's Capital and Strategic Plan (the Bank's Three-Year Plan) without first receiving a prior no supervisory objection from the OCC. Any material transaction or material series of transactions between the Bank and Sovcombank, or any of Mr. Khotimskiy's affiliates or related interests will be construed as a change to the Bank's Three-Year Plan requiring a prior no supervisory objections from the OCC.

The conditions of this non-disapproval are conditions "imposed in writing by a Federal banking agency in connection with any action on any application, notice, or other request" within the meaning of 12 USC 1818. As such, the conditions are enforceable under 12 USC 1818.

Conclusion

The transaction must be consummated within six months of the date of this letter. Failure to consummate the transaction within six months, or an approved extended time period granted by the OCC, will cause our non-disapproval to lapse and you will be required to file a new notice if you wish to proceed with the change in bank control.

The date of consummation of this change in control must be provided to the Licensing Division within 10 days after consummation. The transaction must be consummated as proposed in the Notice. If any of the terms, conditions, representations, commitments, or parties to the

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transaction described in the Notice change, the OCC must be informed in writing of the change prior to consummation to determine if any additional action or reconsideration is required. In such situations, the OCC reserves the right to require submission of an amended or new Notice of Change in Bank Control.

This decision and the activities and communications by OCC employees in connection with the filing do not constitute a contract, express or implied, or any other obligation binding upon the OCC, the United States, any agency or entity of the United States, or any officer or employee of the United States, and do not affect the ability of the OCC to exercise its supervisory, regulatory and examination authorities under applicable law and regulations. Our decision is based on your, your representatives, and the Bank's representations, submissions, and information available to the OCC as of this date. The OCC may modify, suspend or rescind this decision if a material change in the information on which the OCC relied occurs prior to the date of the transaction to which this decision pertains. The foregoing may not be waived or modified by any employee or agent of the OCC or the United States.

You should include the OCC Control Number on any correspondence related to this filing. If you have any questions, contact Yoo Jin Na at (202) 649-6335 or email at yoojin.na@occ.treas.gov.

Sincerely,

signed

Beverly L. Evans
Director for Licensing Activities