

NEW YORK STATE BANKING DEPARTMENT
NEW YORK, NEW YORK

In the Matter of

LIBERTY BANK OF NEW YORK
New York, New York

ORDER OF ASSESSMENT OF
CIVIL MONETARY PENALTY
UPON CONSENT

WHEREAS, LIBERTY BANK OF NEW YORK ("Bank") is a New York State-chartered, insured, nonmember bank having its principal place of business at 11 West 32nd Street, New York, New York 10001, and is subject to New York Banking Law and the related rules and regulations issued thereunder;

WHEREAS, in the course of a joint examination conducted by the New York State Banking Department ("Banking Department") and the Federal Deposit Insurance Corporation ("FDIC") it was discovered that the Bank had failed to conduct its operations in a safe and sound manner and had failed to comply with numerous federal statutes and regulations relating to its obligations under the Bank Secrecy Act and the rules and regulations of the United States Department of the Treasury ("Treasury Department"), 31 U.S.C. §§ 5311-5322 and 31 C.F.R. Part 103, the regulations of the FDIC, 12 C.F.R. Parts 326 and 353 (collectively, the "BSA"), and the regulations of the Banking Department, 3 N.Y.C.R.R. Part 300, among them—

- 1) Operating in violation of the parallel Cease and Desist Orders issued against the Bank on November 30, 2004 by the FDIC and the New York State Banking Department; and
- 2) Operating the Bank with inadequate internal BSA routines and controls.

WHEREAS, pursuant to NYBL § 44, the Superintendent is authorized to impose civil monetary penalties upon a banking institution for failure to comply with any provision of the NYBL;

WHEREAS, based on the Bank's failure, among other things, to comply with the terms and conditions of the November 30, 2004 Cease and Desist Orders, as well as the federal laws, rules and regulations requiring the maintenance of adequate anti-money laundering programs and controls, the Superintendent has determined that the Bank has failed to conduct its business in a safe and sound manner in accordance with NYBL § 10;

WHEREAS, before the filing of any notices, or the taking of any testimony or adjudication of, or finding on, any issues of fact or law herein, and without this Order constituting an admission or denial by the Bank of any allegation made or implied by the Banking Department, and solely for the purpose of settling this matter without a formal proceeding being filed and without the necessity for a protracted or extended hearing or testimony, the Bank has consented to the assessment of a civil monetary penalty of \$300,000 for engaging in unsafe and unsound practices;

WHEREAS, on May 17, 2006, the Board of Directors of the Bank adopted a resolution:

1. authorizing and directing Thomas J. Emery, President and Chief Executive Officer of Liberty Bank, to enter into this Order on behalf of the Bank;
2. waiving any and all rights that the Bank may have pursuant to NYBL § 44:
 - a. to the issuance of a notice of charges and a hearing on any matter set forth in this Order;
 - b. to a hearing for the purpose of taking evidence of any matters set forth in this Order;
 - c. to judicial review of this Order; and
 - d. to challenge or contest, in any manner, the basis, issuance, validity, terms, effectiveness or enforceability of this Order or any provision hereof.

NOW, THEREFORE, pursuant to the above findings of the Superintendent and the waiver of rights of the Bank, as set forth above,

IT IS HEREBY ORDERED, that Liberty Bank pay to the New York State Banking Department a civil monetary penalty in the amount of \$ 300,000. The monetary penalty shall be remitted in full at the time of the execution of

this Order pursuant to transfer instructions received from the Banking Department.

By Order of the Superintendent of Banks, effective this 18 day of May, 2006.

Date 5-18-06

By Diana L. Taylor
Diana L. Taylor
Superintendent of Banks
New York State Banking
Department

Date 5-18-06

By [Signature]
Liberty Bank
President & CEO