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  - (ii) provide procedures to test the validity and reliability of operating systems, procedural controls, and resulting records; and
  - (iii) provide the Board with quarterly reports of audit findings and the status of efforts to remediate all audit findings directly from the auditors. The minutes of the Board shall reflect its consideration of these reports and describe any discussion or action taken as a result thereof.
- (b) The Board shall address all findings of the internal audit reports at its next regular meeting following its receipt of the reports. Any action or inaction taken as a result of addressing the reports shall be noted in the minutes of the Board meeting with each individual member's vote recorded.
- (c) The Audit Program shall be submitted to the Regional Director and the Superintendent for non-objection or comment. Within 30 days of receipt of non-objection or any comments from the Regional Director and the Superintendent, and after incorporation and adoption of any and all comments, the Board shall approve the Audit Program and record such approval in the minutes of the Board meeting. Thereafter, the Bank shall implement and fully comply with the Audit Program.

### **PROGRESS REPORTS**

16. Within 30 days of the end of each calendar quarter following the Effective Date, the Bank shall furnish to the Regional Director and the Superintendent written progress reports detailing

the form, manner, and results of any actions taken to secure compliance with this Order. All progress reports and other written responses to this Order shall be reviewed and approved by the Board, and made a part of the Board minutes.

### **SHAREHOLDER DISCLOSURE**

17. Following the Effective Date, the Bank shall provide to its shareholders or otherwise furnish a description of this Order: (1) in conjunction with the Bank's next shareholder communication, or (b) in conjunction with its notice or proxy statement preceding the Bank's next shareholder meeting. The description shall fully describe the Order in all material respects. The description and any accompanying communication, statement, or notice shall be sent to the Superintendent for non-objection or comment within 30 days of the Effective Date and prior to dissemination to shareholders. Any changes requested to be made by the FDIC or the Department shall be made prior to the dissemination of the description, communication, notice, or statement.

### **MISCELLANEOUS**

It is expressly understood that if, at any time, the Regional Director and the Superintendent shall deem it appropriate in fulfilling the responsibilities placed upon them under applicable law to undertake any further action affecting the Bank, nothing in this Order shall bar, estop, or otherwise prevent the Department or any other state or federal agency or department from taking any other action against the Bank or any of the Bank's current or former institution-affiliated parties.

This Order shall be effective on the date of issuance.

The provisions of this Order shall be binding upon the Bank, its institution-affiliated parties, and any successors and assigns thereof.

The provisions of this Order shall remain effective and enforceable except to the extent that and until such time as any provision has been modified, terminated, suspended, or set aside by the Department.

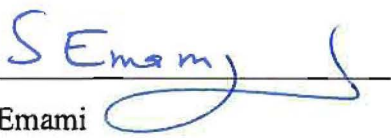
**NOTICES**

All communications regarding this Order shall be sent to:

Ruth Adams  
Deputy Superintendent of Banks  
New York State Departments of Financial Services  
One State Street  
New York, New York, 10004

By Order of the Superintendent of Financial Services this 3<sup>rd</sup> day of June,  
2015.

By:

  
\_\_\_\_\_  
Shirin Emami  
Executive Deputy Superintendent,  
Banking Division  
New York State Department of Financial  
Services

By: KIKI KARABELAS  
\_\_\_\_\_  
CHAIRMAN OF THE  
BOARD  
\_\_\_\_\_  
Alma Bank