THE SUPERINTENDENT OF BANKS OF
THE STATE OF NEW YORK

____x

In the Matter of
LIBERTYPOINTE BANK

New York, New York

____x

Order to Cease and
Desist Issued Upon
Consent

WHEREAS, in recognition of their common goals to ensure compliance with all applicable federal and state laws, rules and regulations, and the conduct of safe and sound banking operations, by LibertyPointe Bank (the "Bank"), a New York State chartered institution, the deposits of which are insured by the Federal Deposit Insurance Corporation (the "FDIC"), the New York State Banking Department (the "Department") and the Bank have mutually agreed to enter into the Order to Cease and Desist issued upon consent (the "Order"); and

WHEREAS, the Department and the FDIC have identified supervisory concerns relating to the conduct of the Bank's business, including certain unsafe and unsound banking practices and violations of law and/or regulation; and

WHEREAS, the FDIC recently completed a safety and soundness examination as of December 31, 2008; and

WHEREAS, as a result of said examination as of December 31, 2008, the FDIC identified certain supervisory concerns relating to the conduct of the Bank's business, including unsafe and unsound banking practices and violations of law and/or regulations; and

WHEREAS, the Superintendent of Banks of the State of New York (the "Superintendent") is concerned that the Bank has failed to conduct its operations in a safe and sound manner by failing to take steps and establish the controls necessary to operate in a safe, prudent and lawful manner; and

WHEREAS, the Superintendent possesses the authority under Banking Law Section 39 to issue an order to the Bank to discontinue unlawful or unsafe practices; and

WHEREAS, the Superintendent believes that prompt enforcement action and this issuance of this Order is necessary to address the aforementioned supervisory concerns with respect to the Bank and further believes that additional enforcement action may be necessary to address any other supervisory concerns which may come to the attention of the Department; and

WHEREAS, on July 16, 2009, the board of directors (the "Board") of the Bank, at a duly constituted meeting, adopted a resolution:

1. Authorizing and directing Mr. Merton Corn to enter into this Order on behalf of the Bank, and to consent to compliance on behalf of the Bank with each and every provision of this Order;
2. Waiving any and all rights to judicial review of this Order;
3. Waiving any and all rights to challenge or contest the validity, effectiveness, terms or enforceability of the provisions of this Order.

NOW, THEREFORE, without admitting or denying any findings of fact or conclusions of law, and without this Order constituting an admission of wrongdoing or an adoption, approval or admission of any allegation made by the Department, and pursuant to the aforesaid resolution:

IT IS HEREBY ORDERED pursuant to Banking Law Section 39 that the Bank shall cease and desist from engaging in the unsafe or unsound banking practices and from committing the apparent violations of the law and/or regulation, described in the Report of Examination as of December 31, 2008 ("ROE"), and specified below:

(a) operating with inadequate management supervision and oversight by the Board to prevent unsafe or unsound practices and violations of law and regulation;

(b) operating with inadequate earnings to fund growth and augment capital;

(c) operating with excessive risk in relation to the kind and quality of assets held by the Bank;

(d) operating with an excessive level of adversely classified loans and/or delinquent loans;

(e) operating with an inadequate allowance for loan and lease losses;

(f) operating with excessive concentrations in commercial real estate;

(g) operating with inadequate loan policies, processes, and procedures;

(h) operating in violation of section 215.4(a) of Regulation O of the Board of Governors of the Federal Reserve System, 12 C.F.R. § 215.4(a), and made applicable to insured state nonmember banks by section 18(j)(2), of the Act, 12 U.S.C. § 1828(j)(2), and section 337.3 of the FDIC Rules and Regulations, 12 C.F.R. § 337.3;

(i) operating with inadequate capital in relation to the kind and quality of assets held by the Bank;

(j) operating with an excessive level of brokered deposits and high cost time deposits; and

(k) operating with inadequate provisions for liquidity.

IT IS FURTHER ORDERED that the Bank, its institution-affiliated parties, and its successors and assigns, shall take affirmative action as follows:

CORRECTION AND PREVENTION

1. Beginning on the effective date of this Order, the Bank shall take steps necessary, consistent with other provisions of this Order and sound banking practices, to correct and prevent the unsafe or unsound banking practices, violations of law and regulations, and contraventions of federal banking agency policies, procedures, and guidelines that were identified in the ROE.

BOARD OF DIRECTORS' OVERSIGHT

2. Upon the effective date of this Order, the Board shall assume full responsibility for the approval of sound policies and objectives for compliance with

this Order and shall monitor the steps taken by the Bank to ensure that the Bank eliminates and/or corrects unsafe or unsound practices and violations of laws, rules and/or regulations identified in the ROE or identified internally. The Board shall record the status of the corrective actions taken by the Bank in the Board minutes, which shall be retained for supervisory review.

MANAGEMENT

3. (a) The Board shall take all steps necessary to ensure that the Bank is operated with adequate management supervision and Board oversight to prevent any future unsafe or unsound banking practice or violation of law or regulation.

(b) Each member of management shall have qualifications and experience commensurate with his or her duties and responsibilities at the Bank. Management shall include a chief executive officer with proven ability to manage a bank of comparable size, upgrade a low quality loan portfolio and improve earnings. Management shall also include a senior lending officer with significant experience in lending, collecting, supervising loans, and upgrading a low quality loan portfolio. Each member of management shall be provided appropriate written authority from the Board to implement the provisions of this Order.

(c) During the life of this Order, the Bank shall notify the Superintendent in writing when it proposes to add any individual to the Bank's Board or employ any individual as a senior executive officer. The notification must be received at least 30 days before such addition or employment is intended to become effective and should include a description of the background and experience of the individual or individuals to be added or employed.

PROFIT AND BUDGET PLAN

4. (a) Within 45 days from the effective date of this Order and each calendar year thereafter, the Bank shall formulate a written plan ("Profit Plan") and a comprehensive budget ("Budget") for all categories of income and expense and submit the Profit Plan and Budget to the Superintendent for review and comment. The Profit Plan and the Budget should take into consideration the costs associated with the deterioration of assets currently held by the Bank and the costs associated with the Bank's non-core deposits. The Profit Plan and the Budget shall, at minimum, describe the operating assumptions that form the basis for and adequately support major projected income and expense components, and include specific goals and strategies, consistent with sound banking practices, to improve the Bank's net interest margin, increase interest income, reduce discretionary expenses, maintain an adequate allowance for loan and lease losses ("ALLL"), and sustain earnings of the Bank.

(b) Within 30 days from receipt of any comment from the Superintendent, and after due consideration of any recommended changes, the Board shall approve the Profit Plan and Budget, which approval shall be recorded in the minutes of the corresponding meeting of the Board. Thereafter, the Board shall implement and fully comply with the Profit Plan and Budget.

(c) The Bank's Board shall evaluate the Bank's actual performance in relation to the Profit Plan and Budget on a monthly basis and shall record the results of the evaluation, and any actions taken by the Bank, in the minutes of the Bank's Board meeting at which such evaluation is undertaken.

REDUCTION OF ADVERSELY CLASSIFIED ASSETS

5. (a) Within 45 days from the effective date of this Order, the Bank shall eliminate by charge-off or collection all assets classified "Loss." In addition, the Bank shall, within 30 days from the receipt of any subsequent report of examination from the FDIC or the Department, eliminate from its books, by collection or charge-off, all items or portions of items classified "Loss" in that report of examination. Elimination of these items through the use of the proceeds of loans or other extensions of credit made by the Bank will not constitute collection for purposes of this paragraph.

(b) Within 45 days from the effective date of this Order, the Bank shall formulate a written plan to reduce the Bank's risk exposure from each asset in excess of $250,000 classified "Substandard" or listed as "Special Mention" in the ROE (hereinafter the "Reduction Plan"). For purposes of this provision, "reduce" means to collect, charge-off, or improve the quality of an asset so as to warrant its removal from adverse classification by the FDIC. In developing the Reduction Plan, the Bank shall, at a minimum, and with respect to each adversely classified and "Special Mention" loan, review, analyze, and document the financial position of the borrower, including source of repayment, repayment ability, and alternative repayment sources, as well as the value and accessibility of any pledged or assigned collateral, and any possible actions to improve the Bank's collateral position.

(c) The Reduction Plan shall also include, but not be limited to, the following:

(i) a schedule for reducing the outstanding dollar amount of each adversely classified and "Special Mention" asset, including timeframes for achieving the reduced dollar amounts;

(ii) specific action plans intended to reduce the Bank's risk exposure in each adversely classified and "Special Mention" asset;

(iii) a schedule showing, on a quarterly basis, the expected consolidated balance of all adversely classified and "Special Mention" assets, and the ratio of the consolidated balance to the Bank's projected Tier 1 capital plus the allowance for loan and lease losses;

(iv) a provision for the Bank's submission of monthly written progress reports to its Board; and

(v) a provision mandating Board review of the progress reports, with a notation of the review recorded in the minutes of the corresponding meeting of the Board.

(d) Upon formulation of the Reduction Plan, the Bank shall submit the Reduction Plan to the Superintendent for review and comment. Within 30 days from receipt of any comment from the Superintendent, and after revising the Reduction Plan in accordance with the Superintendent's comments, the Board shall approve the Reduction Plan, which approval shall be recorded in the minutes of the corresponding meeting of the Board. Thereafter, the Board shall implement and fully comply with the Reduction Plan.

ALLOWANCE FOR LOAN AND LEASE LOSSES

6. (a) Within 30 days from the effective date of this Order, the Bank shall maintain, through charges to current operating income, an adequate allowance for ALLL. The adequacy of the ALLL shall be determined in light of the volume of criticized loans, the current level of past due and nonperforming loans, past loan loss experience, evaluation of the potential for loan losses in the Bank's portfolio, current economic conditions, and any criticisms contained in the ROE or the most recent report of examination.

(b) The Bank shall conduct, at a minimum, a quarterly assessment of its ALLL. The Bank shall promptly remedy all deficiencies and maintain a written record, for supervisory review, indicating the methodology used in determining the amount of the ALLL needed. The quarterly assessment shall be reviewed by the Board and shall be noted in the minutes of the corresponding Board meeting.

(c) The Bank shall ensure that its audit report includes an independent auditor's detailed analysis and opinion of the Bank's ALLL methodology and the Bank's application of the methodology.

REDUCTION OF COMMERCIAL REAL ESTATE CONCENTRATIONS

7. (a) Within 45 days from the effective date of this Order, the Bank shall formulate and submit to the Superintendent for review and comment a written plan to reduce the commercial real estate ("CRE") loan concentration identified in the ROE to not more than 300 percent of the Bank's total Tier 1 capital ("CRE Reduction Plan"). For purposes of the plan, "reduce" means to charge-off, collect, or increase Tier 1 capital.

(b) The CRE Reduction Plan shall prohibit any advances that would increase the concentration unless the advance is pursuant to an existing loan agreement.

(c) Within 30 days from receipt of any comments from the Superintendent, and after due consideration of any recommended changes, the Board shall approve and adopt the CRE Reduction Plan as amended or modified, which approval and adoption shall be recorded in the minutes of the corresponding meeting of the Board. The CRE Reduction Plan shall be implemented immediately to the extent that the provisions of the CRE Reduction Plan are not already in effect at the Bank.

LOAN POLICIES AND PROCEDURES

8. (a) Within 60 days from the effective date of this Order, the Bank shall submit to the Superintendent revised written loan policies and procedures that have been approved by the Board, which shall, at a minimum, address the recommendations contained in the ROE, and include the following:

(i) monitoring and reporting of past due loans and procedures to promptly identify and grade loans with emerging credit weaknesses;

(ii) controlling and monitoring of CRE concentrations of credit, including (A) establishing concentrations of credit limits by industries, geographic areas and types of loans;(B) managing the risk associated with asset concentrations; (C) plans to address the rationale for CRE levels as they relate to growth and capital targets, (D) segmentations and testing of the CRE portfolio to detect and limit concentrations with similar risk characteristics, and (E) monthly written reports to the Board regarding concentrations in CRE;

(iii) for real estate loans, appropriate pricing structures, sufficient collateral protection, and limits on amounts that can be loaned in relation to established collateral values;

(iv) guidelines that set limitations on the use of interest reserves, provide prudent lines of authority for approving the use of interest reserves, and establish procedures for identifying and reporting exceptions to the Bank's interest reserve policy to the Board;

(v) underwriting standards for loans and limitations on the amount of nonrecourse loans; and

(vi) specific procedures for ensuring compliance with section 215.4(a) of Regulation O of the Board of Governors of the Federal Reserve System, 12 C.F.R. § 215.4(a), and made applicable to insured state nonmember banks by section 18(j)(2), of the Act, 12 U.S.C. § 1828(j)(2), and section 337.3 of the FDIC Rules and Regulations, 12 C.F.R. § 337.3.

CAPITAL PLAN

9. (a) Within 60 days from the effective date of this Order, the Board shall develop a capital plan ("Capital Plan") to achieve and maintain a ratio of Tier 1 capital to total assets (Tier 1 leverage ratio) of at least 7 percent and a ratio of total risk-based capital to risk-weighted assets (total risk-based capital ratio) of 10 percent. For purposes of this Order, the terms "Tier 1 capital," "total assets," "total risk-based capital ratio," and "risk-weighted assets" shall have the meanings

ascribed to them and shall be calculated in accordance with Part 325 of the FDIC Rules and Regulations, 12 C.F.R. Part 325.

(b) At a minimum, the Capital Plan shall include:

(i) projections for asset growth and capital requirements that are based upon a detailed analysis of the Bank's current and projected assets, liabilities, earnings, fixed assets, and off-balance sheet activities, each of which shall be consistent with the Bank's strategic plan;

(ii) projections for the amount and timing of the capital necessary to meet the Bank's current and future needs; and

(iii) the primary source(s) from which the Bank will strengthen its capital to meet the Bank's current and future needs and contingency plans that identify alternative sources of capital.

(c) The Capital Plan shall be submitted to the Superintendent for review and comment. Within 30 days of receipt of comments from the Superintendent, the Board shall revise the Capital Plan in accordance with the comments of the Superintendent, and approve and implement the revised Capital Plan.

(d) The Board shall review and update the Capital Plan on an annual basis, or more frequently if necessary. Copies of the reviews and updates shall be submitted to the Superintendent.

BROKERED DEPOSITS

10. (a) Upon the effective date of this Order, the Bank shall not accept,

renew or roll over any "brokered deposits" (as that term is defined in section 337.6(a)(2) of the FDIC Rules and Regulations, 12 C.F.R. § 337.6(a)(2)), unless the Bank has been granted a waiver by the Superintendent.

(b) While this Order is in effect, the Bank shall comply with the restrictions on the effective yield on deposits described in Part 337 of the FDIC's Rules and Regulations.

FUNDS MANAGEMENT AND LIQUIDITY

11. (a) Within 30 days from the effective date of this Order, the Bank shall submit to the Superintendent a revised and comprehensive funds management and liquidity plan ("Funds Management Plan"). At a minimum, the Funds Management Plan shall:

(i) address the means by which the Bank will seek to reduce its reliance on non-core funding and high cost, rate-sensitive deposits;

(ii) summarize the current composition of brokered deposits by maturity and set forth funding sources that will replace the Bank's current brokered deposits as they roll off; and

(iii) assess possible liquidity events that the Bank may encounter and identify contingency responses to the potential impact of such events on the Bank's short-term, intermediate-term, and long-term liquidity profiles.

(b) The Bank shall submit the Funds Management Plan to the Superintendent for review and comment. Within 30 days from receipt of any comments from the Superintendent, and after due consideration of any recommended changes, the Board shall approve and adopt the Funds Management

Plan, which shall be recorded in the minutes of the corresponding meeting of the Board, and fully implemented.

STRATEGIC PLAN

12. (a) Within 60 days after the effective date of this Order, the Bank shall prepare and adopt a comprehensive strategic plan covering an operating period of at least three years (Strategic Plan). The Strategic Plan required by this paragraph shall take into account the other written plans, policies, or actions required by this Order and shall contain an assessment of the Bank's current financial condition and market area, and a description of the operating assumptions that form the basis for major projected income and expense components.

(b) The Bank shall submit the Strategic Plan to the Superintendent for review and approval. After receipt of the Superintendent's approval, the Board shall adopt the plan, which should be recorded in the minutes of the Board meeting. Thereafter, the Board shall implement and follow the Strategic Plan.

(c) Within 30 days after the end of each calendar quarter following the adoption of the Strategic Plan, the Board shall evaluate the Bank's performance in relation to the strategic plan required by this paragraph and record the results of the evaluation, and any actions taken by the Bank, in the minutes of the Board meeting at which such evaluation is undertaken.

(d) The Strategic Plan required by this Order shall be revised and submitted to the Superintendent for review and approval 30 days after the end of each calendar year for which this Order is in effect. Within 30 days after receipt of approval from the Superintendent, the Board shall adopt the revised plan, which should be recorded in the minutes of the Board meeting. Thereafter, the Board shall implement the revised plan.

COMPLIANCE COMMITTEE

13. (a) Within 15 days from the effective date of this Order, the Board shall appoint a committee ("Compliance Committee") composed of at least three directors who are not now, and have never been, involved in the daily operations of the Bank, and whose composition is acceptable to the Superintendent, to monitor and coordinate the Bank's compliance with the provisions of this Order.

(b) Within 60 days from the effective date of this Order, and at monthly intervals thereafter, the Compliance Committee shall prepare and present to the Board a written report of its findings, detailing the form, content, and manner of any action taken to ensure compliance with this Order and the results thereof, and any recommendations with respect to such compliance. Such progress reports shall be included in the Board meeting minutes. Nothing contained herein shall diminish the responsibility of the entire Board to ensure compliance with the provisions of this Order.

(c) Within 15 days after its receipt from the Bank's Compliance Committee, the Board shall forward a copy of the report with any additional comments made by the Board to the Superintendent.

PROGRESS REPORTS

14. Within 30 days from the end of each calendar quarter following the effective date of this Order, the Board shall furnish written progress reports to the

Superintendent detailing the form, content, and manner of any actions taken to secure compliance with this Order.

SHAREHOLDERS

15. Following the effective date of this Order, the Bank shall send to its shareholder(s) or otherwise furnish a description of this Order in conjunction with the Bank's next shareholder communication and also 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 New York State Banking Department, One State Street, New York, NY 10004, at least 20 days prior to dissemination to shareholders. Any changes requested to be made by the Department shall be made prior to dissemination of the description, communication, notice, or statement.

NOTICES

15. All communications regarding this Order shall be sent to:

Martin D. Cofsky, Deputy Superintendent of Banks
New York State Banking Department
One State Street
New York, New York 10004-1511

ORDER EFFECTIVE

16. The effective date of this Order shall be the date of issuance.

17. The provisions of this Order shall be binding upon the Bank and each of its directors, officers, employees, agents, successors and assigns.

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

By ORDER of the Superintendent of Banks of the State of New York,

effective this 16th day of July 2009

NEW YORK STATE
BANKING DEPARTMENT

By:____________________
Martin D. Cofsky
Deputy Superintendent of Banks

LIBERTYPOINTE BANK
NEW YORK, NEW YORK

By:____________________
Merton Corn