

SETTLEMENT AND RELEASE AGREEMENT

This Settlement and Release Agreement (“Agreement”) is made as of this 18th day of September, 2013, by, between, and among the Federal Deposit Insurance Corporation as Receiver for Westsound Bank (“FDIC-R”), and Moss Adams LLP (“Moss Adams”) (individually, the FDIC-R and Moss Adams may be referred to herein as “Party” and collectively as the “Parties”).

RECITALS

WHEREAS:

Prior to May 8, 2009, Westsound Bank (“Bank”) was a depository institution organized and existing under the laws of the State of Washington;

On May 8, 2009, the Bank was closed by the Washington State Department of Financial Institutions, and pursuant to 12 U.S.C. § 1821(c), the Federal Deposit Insurance Corporation was appointed Receiver. In accordance with 12 U.S.C. § 1821(d), the FDIC-R succeeded to all rights, titles, powers, and privileges of the Bank, including those with respect to its assets;

Among the assets to which the FDIC-R as Receiver succeeded were any and all of the Bank’s claims, demands, and causes of action, including claims against its accountants and auditors arising from the performance, nonperformance, and manner of performance of their respective functions, duties, and acts as accountants and/or auditors of the Bank;

The undersigned Parties deem it in their best interests to enter into this Agreement to avoid the uncertainty, trouble, and expense of litigation.

NOW, THEREFORE, in consideration of the promises, undertakings, payments, and releases stated herein, the sufficiency of which consideration is hereby acknowledged, the undersigned Parties agree, each with the other, as follows:

SECTION I: Payment to FDIC-R

A. As an essential covenant and condition to this Agreement, Moss Adams agrees to pay the FDIC-R the sum of Two Million One Hundred and Fifty Thousand Dollars (\$2,150,000.00) (“the Settlement Funds”), plus interest thereon from ten (10) business days after

Moss Adams' receipt of a fully executed copy of this Agreement (the "Payment Due Date") through the date of payment, at the rate of 5% per annum.

B. The Settlement Funds shall be delivered to the FDIC-R by direct wire transfer into an account designated by the FDIC-R.

C. In addition, and without waiving any other rights that the FDIC-R may have, in the event that all Settlement Funds (including all accrued interest) are not received by the FDIC-R on or before the Payment Due Date, then the FDIC-R, in its sole discretion, shall have the right at any time prior to receipt of all Settlement Funds (including all accrued interest) to declare this Agreement null and void, shall have the right to extend this Agreement for any period of time until it receives all Settlement Funds (including all accrued interest), and/or shall have the right to enforce this Agreement against Moss Adams, in which event Moss Adams agrees to jurisdiction in the United States District Court for the Western District of Washington and agrees to pay all of the FDIC-R's reasonable attorney's fees expended in enforcing the terms of this Agreement. In the event the FDIC declares this Agreement null and void, the FDIC will return all amounts paid to it under this Agreement.

SECTION II: Releases

A. Release of Moss Adams by the FDIC-R.

Effective upon receipt in full of the Settlement Funds plus any accrued interest described in SECTION I above, and except as provided in PARAGRAPHS II.C. and II.D. below, the FDIC-R, for itself, for Westsound Bank, and its successors and assigns, hereby releases and discharges Moss Adams and its parents, subsidiaries, affiliates, partners, principals, employees, officers, directors, agents, representatives, successors, and assigns, from any and all claims, demands, obligations, damages, actions, and causes of action, direct or indirect, in law or in equity, belonging to the FDIC-R, that arise from or relate to the performance, nonperformance, or manner of performance of Moss Adams' services, functions, duties, and actions as accountants and/or auditors of the Bank.

B. Release of the FDIC-R by Moss Adams.

Effective simultaneously with the release granted in PARAGRAPH II.A. above, Moss Adams, for itself and its successors and assigns, hereby releases and discharges the FDIC-R and its employees, officers, directors, representatives, successors, and assigns, from any and all claims, demands, obligations, damages, actions, and causes of action, direct or indirect, in law or in equity, that arise from or relate to the Bank or to the performance, nonperformance, or manner of performance of Moss Adams' respective functions, duties, and actions as accountants and/or auditors of the Bank.

C. Express Reservations From Releases by the FDIC-R.

1. Notwithstanding any other provision, by this Agreement, the FDIC-R does not release, and expressly preserves fully and to the same extent as if the Agreement had not been executed, any claims or causes of action:

a. against Moss Adams or any other person or entity for liability, if any, incurred as the maker, endorser, or guarantor of any promissory note or indebtedness payable or owed by them to FDIC, the Bank, other financial institutions, or any other person or entity, including without limitation any claims acquired by FDIC as successor in interest to the Bank or any person or entity other than the Bank;

b. against any person or entity not expressly released in this Agreement; and

c. which are not expressly released in PARAGRAPH II.A. above.

2. Notwithstanding any other provision, nothing in this Agreement shall be construed or interpreted as limiting, waiving, releasing, or compromising the jurisdiction and authority of the Federal Deposit Insurance Corporation in the exercise of its supervisory or regulatory authority or to diminish its ability to institute administrative enforcement proceedings seeking removal, prohibition, or any other administrative enforcement action which may arise by operation of law, rule, or regulation.

SECTION III: Representations and Acknowledgements

A. No Admission of Liability. The undersigned Parties each acknowledge and agree

that the matters set forth in this Agreement constitute the settlement and compromise of disputed claims, and that this Agreement is not an admission or evidence of liability by any of them regarding any claim.

B. Execution in Counterparts. This Agreement may be executed in counterparts by one or more of the Parties named herein and all such counterparts when so executed shall together constitute the final Agreement, as if one document had been signed by all Parties hereto; and each such counterpart, upon execution and delivery, shall be deemed a complete original, binding the Party or Parties subscribed thereto upon the execution by all Parties to this Agreement.

C. Binding Effect. Each of the undersigned persons represents and warrants that they are a Party hereto or are authorized to sign this Agreement on behalf of the respective Party, and that they have the full power and authority to bind such Party to each and every provision of this Agreement. This Agreement shall be binding upon and inure to the benefit of the undersigned Parties and their respective heirs, executors, administrators, representatives, successors, and assigns.

D. Choice of Law. This Agreement shall be interpreted, construed, and enforced according to applicable federal law, or in its absence, the laws of the State of Washington.

E. Entire Agreement and Amendments. This Agreement constitutes the entire agreement and understanding between and among the undersigned Parties concerning the matters set forth herein. This Agreement may not be amended or modified except by another written instrument signed by the Party or Parties to be bound thereby, or by their respective authorized attorney(s) or other representative(s).

F. Reasonable Cooperation.

1. The undersigned Parties agree to cooperate in good faith to effectuate all the terms and conditions of this Agreement.

2. Further, Moss Adams agrees to reasonably cooperate fully with the FDIC-R in connection with any action to effectuate the terms and conditions of this Agreement. Any such

cooperation that involves any out of pocket costs is subject to reasonable reimbursement by the FDIC-R pursuant to its internal guidelines and policy for such reimbursement.

G. Advice of Counsel. Each Party hereby acknowledges that it has consulted with and obtained the advice of counsel prior to executing this Agreement, and that this Agreement has been explained to that Party by its counsel.

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed by each of them or their duly authorized representatives on the dates hereinafter subscribed.

FEDERAL DEPOSIT INSURANCE CORPORATION

DATE: 19 Sept. 2013

(b)(6) _____ BY:

TITLE: Senior Attorney

PRINT NAME: David C. Joseph

MOSS ADAMS LLP

DATE: _____

BY: _____

TITLE: _____

PRINT NAME: _____

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FEDERAL DEPOSIT INSURANCE CORPORATION

DATE: _____

BY: _____

TITLE: _____

PRINT NAME: _____

MOSS ADAMS LLP

DATE: ~~September 18, 2013~~ _____

BY: _____

TITLE: CEO and Chairman

PRINT NAME: Christopher G. Schmidt

(b)(6)