

FEDERAL DEPOSIT INSURANCE CORPORATION

WASHINGTON, D.C.

_____	)	
In the Matter of	)	
	)	SUPERVISORY
USA BANK	)	PROMPT CORRECTIVE ACTION
PORT CHESTER, NEW YORK	)	DIRECTIVE
	)	
	)	FDIC-09-708pcas
(INSURED STATE NONMEMBER BANK)	)	
_____	)	

WHEREAS, USA Bank, Port Chester, New York ("Bank") is an undercapitalized insured depository institution as that term is defined in section 38(b)(1) of the Federal Deposit Insurance Act ("Act"), 12 U.S.C. § 1831o(b)(1), and section 325.103 of the Federal Deposit Insurance Corporation ("FDIC") Rules and Regulations, 12 C.F.R. § 325.103, based upon the Bank's September 30, 2009 amended Consolidated Reports of Condition and Income filed with the FDIC that indicates that the Bank's total risk-based capital ratio is 7.48 percent; and

WHEREAS, the FDIC having determined that to carry out the purposes of section 38 of the Act, 12 U.S.C. § 1831o, finds it necessary to issue this SUPERVISORY PROMPT CORRECTIVE ACTION DIRECTIVE ("DIRECTIVE") without providing a NOTICE OF INTENT TO ISSUE A SUPERVISORY PROMPT CORRECTIVE ACTION DIRECTIVE pursuant to section 38 of the Act, 12 U.S.C. §1831o, and section 308.201(a)(1) of the FDIC's Rules of Practice and Procedure, 12

C.F.R. § 308.201(a)(1).

THEREFORE, the FDIC hereby issues this DIRECTIVE pursuant to the provisions of section 38 of the Act, 12 U.S.C. § 1831o, and section 308.201(a)(2) of the FDIC's Rules of Practice and Procedure, 12 C.F.R. § 308.201(a)(2).

SUPERVISORY PROMPT CORRECTIVE ACTION DIRECTIVE

IT IS HEREBY DIRECTED,

1. That the Bank shall comply with all prompt corrective action provisions mandated in the case of an undercapitalized institution under section 38 of the Act, 12 U.S.C. § 1831o, including the requirements that the Bank shall:

(a) Submit a capital restoration plan to the Regional Director of the New York Regional Office of the FDIC ("Regional Director") within 30 days of the effective date of this DIRECTIVE in accordance with the requirements of section 38(e)(2)(A) and (B) of the Act, 12 U.S.C. § 1831o(e)(2)(A) and (B);

(b) Ensure that the Bank's average total assets during any calendar quarter do not exceed its average total assets during the preceding calendar quarter without satisfying the requirements of section 38(e)(3)(A-C) of the Act, 12 U.S.C. § 1831o(e)(3)(A-C); and

(c) Refrain from acquiring directly or indirectly any interest in any company or insured depository institution, establishing or acquiring any additional branch office, or engaging in any new line of business unless the FDIC has accepted

the Bank's capital restoration plan required in (a) above and approves such action.

FURTHER DIRECTED,

2. (a) That within 30 days of the effective date of this DIRECTIVE, the Bank shall increase the volume of capital to a level sufficient to restore the Bank to an "adequately capitalized" capital category as defined in 12 C.F.R. § 325.103(b)(2).

(b) Any increase in Tier 1 capital necessary to meet the requirements of this DIRECTIVE may be accomplished by the following:

- (i) the sale of common stock; or
- (ii) the sale of noncumulative perpetual preferred stock; or
- (iii) the direct contribution of cash by the board of directors and/or shareholders of the Bank; or
- (iv) any other means acceptable to the Regional Director; or
- (v) any combination of the above means.

(c) Any increase in Tier 1 capital necessary to meet the requirements of this DIRECTIVE may not be accomplished through a deduction from the Bank's allowance for loan and lease losses.

(d) For the purposes of this DIRECTIVE, the terms "Tier 1 capital" and "total assets" shall have the same meanings

as in section 325.2 of the FDIC's Rules and Regulations, 12 C.F.R. § 325.2.

FURTHER DIRECTED,

3. That in the event the Bank does not increase its Tier 1 capital in accordance with the requirements of paragraph 2 of this DIRECTIVE, then pursuant to sections 38(e)(5) and 38(f)(2)(A)(iii), 12 U.S.C. §§ 1831o(e)(5) and 1831o(f)(2)(A)(iii), the Bank shall immediately take any necessary action to result in the Bank's: (i) acquisition by another depository institution holding company; or (ii) merger with another depository institution.

FURTHER DIRECTED, that the provisions of this DIRECTIVE shall not affect the obligations of the Bank pursuant to any other action issued against the Bank by the FDIC;

FURTHER DIRECTED, that this DIRECTIVE shall become effective immediately upon its receipt by the Bank.

Each provision of this DIRECTIVE shall be binding upon the Bank, its directors, officers, employees, agents, successors, assigns, and other institution-affiliated parties of the Bank.

Each provision of this DIRECTIVE shall remain effective and enforceable until the Bank has been adequately capitalized on average for four (4) consecutive calendar quarters, except to

the extent that any provision shall be modified, terminated, suspended, or set aside by the FDIC.

The Bank may file a written appeal of this DIRECTIVE as provided in section 308.201(a)(2) of the FDIC's Rules of Practice and Procedure, 12 C.F.R. § 308.201(a)(2). Such an appeal must be received by the FDIC within 14 calendar days of the issuance of this DIRECTIVE. This DIRECTIVE shall remain in effect during the pendency of any appeal unless the FDIC, in its sole discretion, stays the effectiveness of the DIRECTIVE.

Any request for approval required by this DIRECTIVE or any appeal shall be filed with James C. Watkins, Acting Regional Director, Federal Deposit Insurance Corporation, New York Regional Office, 20 Exchange Place, New York, New York 10005.

Pursuant to delegated authority.

Dated at New York, New York, this 8<sup>th</sup> day of December, 2009.

\_\_\_\_\_/s/\_\_\_\_\_  
James C. Watkins  
Acting Regional Director  
Division of Supervision and  
Consumer Protection