SETTLEMENT AND RELEASE AGREEMENT

This Settlement and Release Agreement ("Agreement") is made by, between, and among the-following undersigned parties: The Federal Deposit Insurance Corporation as Receiver for Orion Bank of Naples, Florida ("FDIC-R") and U.S. Specialty Insurance Company ("USSIC") and The Hanover Insurance Company ("Hanover") (FDIC-R, USSIC, and Hanover may be referred to individually as "Party" and collectively as the "Parties").

RECITALS

WHEREAS:

Prior to November 13, 2009, Orion Bank, Naples, Florida ("Bank") was a depository institution organized and existing under the laws of Florida;

On November 13, 2009, the Florida Office of Financial Regulation closed the Bank 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, among other things, all rights, titles, powers and privileges of the Bank, including those with respect to its assets;

Among the assets to which the FDIC-R succeeded were all of the Bank's claims, demands, and causes of action against the Bank's financial institution bond insurers;

USSIC issued a financial institution bond numbered [redacted] to the Named Insured (b)(4) Orion Bancorp and Subsidiaries for the period January 23, 2009 through January 23, 2010 ("USSIC Bond"), which insured the Bank according to the terms, provisions, and conditions of the USSIC Bond;

Hanover issued an excess financial institution bond numbered [redacted] to the (b)(4) Named Insured Orion Bancorp and Subsidiaries for the period January 23, 2009 through January 23, 2010 ("Hanover Bond"), which insured the Bank according to the terms, provisions, and conditions of the Hanover Bond;

The FDIC-R asserted claims (the "Claims") against USSIC under the USSIC Bond and against Hanover under the Hanover Bond based on actions by certain employees of the Bank (b)(4) relating to lines of credit the Bank made to [redacted] and [redacted] (b)(4) (b)(4) [redacted] as set forth in the FDIC-R's lawsuit against USSIC and Hanover, captioned *FDIC as Receiver for Orion Bank v. U.S. Specialty Ins. Co.*, Case No. 2:15-cv-00702 (M.D. Fla.) (the "Litigation"); and

The undersigned Parties deem it in their best interests to enter into this Agreement to avoid the uncertainty and expense of further 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, on or before twenty (20) calendar days following the date the FDIC-R executes and delivers this Agreement, USSIC agrees to pay the FDIC-R the sum of $1,650,000.00, which is excess of and reflects the application of, the USSIC Bond's $250,000.00 deductible ("the USSIC Payment"). Additionally, as an essential covenant and condition to this Agreement, on or before twenty (20) calendar days following the date the FDIC-R executes and delivers this Agreement, Hanover agrees to pay the FDIC-R the sum of $175,000.00 ("the Hanover Payment"). The USSIC Payment and the Hanover Payment, collectively, are referred to as the "Settlement Payments."

B. USSIC and Hanover shall deliver the Settlement Payments to the FDIC-R by check or wire transfer pursuant to the instructions provided separately by the FDIC-R.

C. If the FDIC-R does not receive the USSIC Payment or the Hanover Payment in full on or before the date determined by subsection A above, then the FDIC-R, in its sole discretion, shall have the right at any time prior to receipt of the Settlement Payments in full to seek any relief available to it in law or equity. Further, if the Settlement Payments are not timely made, the FDIC-R may after ten (10) days terminate the Agreement and continue with the Litigation.

SECTION II: Releases

A. The FDIC-R's Release.

Upon receipt of the Settlement Payments in full and except as provided in Section II.E., the-FDIC-R, for itself and its successors and assigns, hereby releases and discharges USSIC, Hanover, and their parents, subsidiaries, and affiliates, and their respective 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, that arise from or relate to the Claims. As part of this release, the FDIC-R agrees that any interest it may have under the USSIC Bond or Hanover Bond related to the Claims is extinguished.

B. USSIC's Release.

Effective simultaneously with the releases granted in Section II.A. above, USSIC, for itself and its successors and assigns, and on behalf of its parents, subsidiaries, and affiliates, and their successors and assigns, hereby releases and discharges the FDIC-R, and its 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, that arise from or relate to the Claims.

C. Hanover's Release.

Effective simultaneously with the releases granted in Section II.A. above, Hanover, for itself and its successors and assigns, and on behalf of its parents, subsidiaries, and affiliates, and their successors and assigns, hereby releases and discharges the FDIC-R, and its 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, that arise from or relate to the Claims.

D. Waiver of Subrogation by USSIC and Hanover

USSIC and Hanover irrevocably waive any rights of subrogation they may have relating to the Claims, including without limitation those arising from the USSIC Payment or the Hanover Payment, or involving the underlying properties, assets, or claims involved in the Claims and all rights to recovery thereof ("Recovery Rights"). USSIC and Hanover agree that the FDIC-R may retain, sell, transfer, or otherwise dispose of any Recovery Rights in its sole discretion and retain the proceeds (if any) thereof without modifying, increasing, decreasing, or otherwise affecting the Settlement Payments by USSIC or Hanover under this Agreement.

E. Exceptions from Releases by FDIC-R.

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

entity, including without limitation any such claims acquired by FDIC-R as successor in interest to the Bank or any person or· entity other than Bank; and

b. Against any person or entity not expressly released by the FDIC-R in this Agreement.

2. Notwithstanding any other provision of this Agreement, 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 or other proceedings seeking removal, prohibition, or any other relief it is authorized to seek pursuant to its supervisory or regulatory authority against any person.

3. Notwithstanding any other provision of this Agreement, this Agreement does not purport to waive, or intend to waive, any claims that could be brought by the United States through the Department of Justice, the United States Attorney's Office for any federal judicial district, or any other department or agency of the United States as defined by 18 U.S.C. § 6. In addition, the FDIC-R specifically reserves the right to seek court-ordered restitution pursuant to the relevant provisions of the Mandatory Victims Restitution Act, 18 U.S.C. §§ 3322 and 3663 et seq., if appropriate. The FDIC-R does not waive and expressly reserves its right to payment of restitution ordered to be paid by [redacted] (b)(6)
(b)(6) [redacted].

SECTION III: Stipulation and Dismissal

Subject to Section I(C), within ten business days after the latter of (i) full execution of this Agreement by all of the Parties, or (ii) receipt of the Settlement Payments, the FDIC-R shall file a stipulation of dismissal with prejudice of the Litigation, executed by the attorneys for all of the Parties, in the form attached hereto as Exhibit A.

SECTION IV: Representations and Acknowledgments

A. <u>Authorized Signatories</u>. All of the undersigned persons represent and warrant that they are Parties 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, trustees, administrators, representatives, successors and assigns.

B. 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 his or her counsel.

SECTION V: Reasonable Cooperation

A. The Parties agree to cooperate in good faith to effectuate all the terms and conditions of this Agreement, including doing, or causing their agents and attorneys to do whatever is reasonably necessary to effectuate the signing, delivery, execution, filing, recording, and entry of any documents necessary to perform the terms of this Agreement.

SECTION VI: Other Matters

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 the Claims and defenses, that this Agreement is not an admission or evidence of liability or infirmity by any of them regarding any claim or defense, and that the Agreement shall not be offered or received in evidence by or against any Party except to enforce its terms.

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

C. 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 Florida.

D. Notices. Any notices required hereunder shall be sent by certified mail, first class, return receipt requested, and by email, to the following:

If to the FDIC-R:

Andrew M. Reidy
LOWENSTEIN SANDLER LLP
2200 Pennsylvania Avenue, N.W.
Suite 500E
Washington, D.C. 20037
(b)(6) E-mail Address: [redacted]

If to USSIC:
Scott A. Schechter, Esq.
Matthew E. Mawby, Esq.
KAUFMAN BORGEEST & RYAN LLP
200 Summit Lake Drive
Valhalla, New York 10595
(b)(6) E-mail Address: [redacted]

If to Hanover:
William Bogaert, Esq.
Wilson Elser Moskowitz Edelman & Dicker LLP
260 Franklin St., 14th Floor
Boston, MA 02110
(b)(6) E-mail Address: [redacted]

E. Entire Agreement and Amendments. This Agreement constitutes the entire agreement and understanding between the undersigned Parties concerning the matters set forth herein and supersedes any prior agreements or understandings. This Agreement may not be amended or modified, nor may any of its provisions be waived, except in writing signed by the Parties bound thereby, or by their respective authorized attorney(s) or other representative(s).

F. Titles and Captions. All section titles and captions contained in this Agreement are for convenience only and shall not affect the interpretation of this Agreement.

G. No Confidentiality. The undersigned Parties acknowledge that this Agreement shall not be confidential and will be disclosed by the FDIC pursuant to the Federal Deposit Insurance Corporation's applicable policies, procedures, and other legal requirements.

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.

(b)(6)

Date: [redacted]

Signature: [redacted]

Name: Steven C. Smith

Title: Counsel

FEDERAL DEPOSIT INSURANCE CORPORATION AS RECEIVER FOR ORION BANK OF NAPLES, FLORIDA

Date: ______________________________

Signature: ____________________________

Name: ______________________________

Title: ______________________________

U.S. SPECIALTY INSURANCE COMPANY

Date: ______________________________

Signature: ____________________________

Name: ______________________________

Title: ______________________________

THE HANOVER INSURANCE COMPANY

EXHIBIT "A"

UNITED STATES DISTRICT COURT
MIDDLE DISTRICT OF FLORIDA
FORT MYERS DIVISION

FEDERAL DEPOSIT INSURANCE CORPORATION AS RECEIVER FOR ORION BANK OF NAPLES, FLORIDA

CASE NO. 2:15-cv-702-UA-99CM

Plaintiff,

v.

U.S. SPECIALTY INSURANCE COMPANY and THE HANOVER INSURANCE COMPANY,

Defendants.

STIPULATION OF DISMISSAL WITH PREJUDICE

Pursuant to Rule 41(a)(1)(A)(ii) of the Federal Rules of Civil Procedure, Plaintiff the Federal Deposit Insurance Corporation as Receiver for Orion Bank ("FDIC-R") and Defendants U.S. Specialty Insurance Company and The Hanover Insurance Company hereby stipulate to dismissal with prejudice of the above-captioned action and all claims asserted therein, with each party to bear its own fees and costs.

Rule 3.0l(g) Certification

Counsel for the FDIC-R, USSIC, and Hanover have conferred regarding this stipulation and the Parties are in agreement regarding this stipulation.

Date: ______________________________

/s/ Joseph M. Saka Paul M. Quin SAXON, GILMORE, CARRAWAY & GIBBONS, PA 201 E Kennedy Blvd Suite 600 Tampa, Florida 33602 Telephone: (813) 314-4500 (b)(6) [redacted] Andrew M. Reidy (b)(6) [redacted] Catherine L. Serafin (b)(6) [redacted] Joseph M. Saka (b)(6) [redacted] LOWENSTEIN SANDLER LLP 2200 Pennsylvania Avenue, N.W. Suite 500E Washington, D.C. 20037 Telephone: (202) 753-3800 Facsimile: (202) 753-3838 ***Counsel for Federal Deposit Insurance Corporation as Receiver for Orion Bank of Naples, Florida***	/s/ Matthew E. Mawby Ron M. Campbell, Esq. Florida Bar No.: 827061 Audrey M. Fisher, Esq. Florida Bar No.: 102842 COLE, SCOTT & KISSANE, P.A. 27300 Riverview Center Blvd., Ste. 200 Bonita Springs, FL 34134 Telephone: (239) 690-7900 Facsimile: (239) 738-7778 E-mail Address: [redacted] (b)(6) E-mail Address: [redacted] Scott A. Schechter, Esq. Matthew E. Mawby, Esq. KAUFMAN BORGEEST & RYAN LLP 200 Summit Lake Drive Valhalla, New York 10595 Telephone: (914) 449-1000 Facsimile: (914) 449-1100 E-mail Address: [redacted] (b)(6) E-mail Address: [redacted] ***Counsel for U.S. Specialty Insurance Company***
/s/ William Bogaert William Bogaert, Esq. Wilson Elser Moskowitz Edelman & Dicker	

LLP 260 Franklin St., 14th Floor Boston, MA 02110 Telephone: (617) 422-5391 Facsimile: (617) 423-6917 (b)(6) [redacted] Nicholas D. Freeman, Esq. Florida Bar No.: 118620 Wilson, Elser, Moskowitz, Edelman & Dicker, LLP 111 N. Orange Ave., Ste. 1200 Orlando, FL 32801 Telephone: (407) 203-7599 Facsimile: (407) 648-1376 (b)(6) [redacted] ***Counsel for Defendant Hanover Insurance Company***	