

FEDERAL DEPOSIT INSURANCE CORPORATION

Re: Veritas Bank  
Lawrence, Essex County, Massachusetts  
Application for Federal Deposit Insurance

**ORDER**

The undersigned, acting on behalf of the Board of Directors pursuant to delegated authority, has fully considered all available facts and information relevant to the factors of Section 6 of the Federal Deposit Insurance Act and relating to the application for Federal deposit insurance for Veritas Bank, a proposed new state nonmember bank to be located at 454 Essex Street, Lawrence, Essex County, Massachusetts, and has concluded that the application should be approved.

Accordingly, it is hereby ORDERED that the application submitted by Veritas Bank for Federal deposit insurance is approved subject to the following conditions:

- (1) That beginning paid-in capital funds of not less than \$10,000,000 be provided;
- (2) That Tier 1 Capital/Assets Leverage ratio (as defined in the FDIC's capital regulations) shall be maintained at not less than 8.0 percent throughout the first three years of operation and that an adequate allowance for loan and lease losses be provided;
- (3) That any changes in the proposed management or proposed ownership (10% or more of stock), including new acquisitions of or subscriptions to 10% or more of the stock, will render this commitment null and void unless such proposal is approved by the Area Director of the FDIC's Boston Area Office ("Area Director") prior to opening the bank;
- (4) That the bank shall operate within the parameters of the business plan submitted to the FDIC. Furthermore, during the first three years of operations, the bank shall notify the Area Director of any proposed major deviation or material change from the submitted plan 60 days before consummation of the change;
- (5) That an accrual accounting system be adopted for maintaining the bank's books;
- (6) That sufficient fidelity, blanket bond and property insurance coverage be obtained;
- (7) That, prior to opening, the bank shall provide proof of compliance with the National Historic Preservation Act for the main office location;
- (8) That the bank shall develop and the board shall approve a Compliance Policy, Information Security/Gramm Leach Bliley Act Policy, Disaster Recovery Plan, and a written Security Program that meets the requirements of Part 326 of the FDIC Rules and Regulations;
- (9) That the Federal deposit insurance shall not become effective unless and until the applicant has been established as a state nonmember bank, that it has authority to conduct a banking business, and that its establishment and operation as a bank has been fully approved by the state authority;

- (10) That the bank obtain an audit of financial statements by an independent public accountant annually for at least the first three years after deposit insurance is effective, furnish a copy of any reports by the independent auditor (including any management letter) to the Area Director within 15 days of their receipt by the bank and notify the Area Director within 15 days when a change in its independent auditor occurs;
- (11) That Zamawa Arenas, citizen of Venezuela, with permanent residency status in the United States, will consent and submit to the personal jurisdiction of any United States federal court of competent jurisdiction and of any Federal banking authority (including the FDIC) for purposes of any investigation or possible investigation, subpoena, examination, action or proceeding by any Federal banking authority (including the FDIC), the United States Department of Treasury, or the United States Department of Justice, relating to or pursuant to the administration and enforcement of any banking law.
- (12) That Zamawa Arenas shall irrevocably appoint Veritas as her registered agent in the United States for service on her behalf (including service of any legal process, notice, order or subpoena) solely in connection with the consent to jurisdiction required in the preceding condition and that Veritas shall accept and act upon such appointment.
- (13) That until the conditional commitment herein ORDERED becomes effective, the FDIC shall have the right to alter, suspend, or withdraw the said commitment should any interim development be deemed to warrant such action; and,
- (14) That if deposit insurance has not become effective within one year from the date of the **Order**, or unless, in the meantime, a request for an extension of time has been approved by the FDIC, the consent granted shall expire on said date.

Dated at Braintree, Massachusetts, this 7th day of May, 2007

/s/

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Daniel E. Frye  
Area Director  
Division of Supervision and Consumer Protection