

**UNITED STATES OF AMERICA
Before The
OFFICE OF THRIFT SUPERVISION**

In the Matter of:

Haiching Zhao,

**Former Employee and
Institution-Affiliated Party
of:**

**Crusader Savings Bank, FSB,
Philadelphia, Pennsylvania
(OTS Docket No. 05030)**

RE: OTS Order No. : NE01-09

Dated: December 14, 2001

**STIPULATION AND CONSENT
TO ISSUANCE OF AN ORDER TO CEASE AND DESIST**

WHEREAS, the Office of Thrift Supervision ("OTS"), based upon information derived from the exercise of its regulatory responsibilities, has informed **Haiching Zhao ("ZHAO")**, former Assistant Vice President of **Crusader Savings Bank, FSB, Philadelphia, Pennsylvania, OTS No. 05030 ("Crusader" or the "Institution")** that the OTS is of the opinion that grounds exist to initiate administrative cease-and-desist

proceedings against ZHAO pursuant to 12 U.S.C. § 1818(b);¹ and

WHEREAS, ZHAO desires to cooperate with the OTS to avoid the time and expense of such administrative litigation and, without admitting or denying that such grounds exist, but admitting the statements and conclusions in Paragraph 1 below, and with no adjudication on the merits, hereby stipulates and agrees to issuance of an Order containing the following terms:²

1. Jurisdiction.

(a) Crusader, at all times relevant hereto, was a "savings association" within the meaning of 12 U.S.C. § 1813(b) and 12 U.S.C. § 1462(4). Accordingly, **Crusader** was an "insured depository institution" as that term is defined in 12 U.S.C. § 1813(c).

(b) ZHAO, as a former officer of **Crusader**, is deemed to be an "institution-affiliated party" as that term is defined in 12 U.S.C. § 1813(u), having served in such capacity within six (6) years of the date hereof (see 12 U.S.C. § 1818(i)(3)).

(c) Pursuant to 12 U.S.C. §1813(q), the Director of the OTS is the "appropriate Federal banking agency" with jurisdiction to maintain an enforcement proceeding against institution-affiliated parties. Therefore, **ZHAO** is subject to the authority of the OTS to initiate and maintain cease-and-desist proceedings against him pursuant to 12 U.S.C. § 1818(b).

¹ All references in this Stipulation and Consent and in the Order to Cease and Desist ("Order") are to the U.S.C. as amended.

² This Stipulation and the accompanying Order do not constitute evidence of or an admission by **ZHAO** as to any liability, fault or wrongdoing. Negotiations of the terms of this Stipulation and the Order, including the conduct and statements made in connection therewith, shall not be admissible as evidence, in accordance with Rule 408 of the Federal Rules of Evidence.

2. OTS Findings of Fact and Conclusions of Law. The OTS finds that ZHAO was the president of **National Chinese Mortgage Corporation ("NCMC")**, a 51%-owned mortgage subsidiary of **Crusader**, as well as Assistant Vice President of **Crusader**. ZHAO was the beneficial owner of the remaining 49% of **NCMC**. In connection with his duties at **NCMC**, ZHAO failed to assist **Crusader** in its duty to maintain complete and accurate records of mortgage loans and payments and caused **NCMC** to pay to himself and to **National Chinese Service Corporation ("NCSC")** compensation unsupported by appropriate documentation and in a manner and in amounts not authorized by the written agreement **Crusader** and ZHAO entered into when they established **NCMC**. **Crusader** and **NCMC** terminated ZHAO'S employment in 1999. Following the cessation of ZHAO's employment by **Crusader** and **NCMC**, ZHAO continued to receive correspondence relating to mortgage loans originated by **NCMC**. During the period April 2000 through March 2001, on no fewer than 57 occasions, ZHAO knowingly or recklessly failed to forward such correspondence to **Crusader**. Such correspondence included documents relating, *inter alia*, to the cancellation of property insurance policies under which **Crusader** was the loss payee, as well as other documents material to the safe and sound administration of the mortgage loan portfolio. ZHAO thereby (a) engaged in unsafe or unsound practices in connection with **Crusader**, and (b) caused and participated in the maintenance of ~~incomplete records of **Crusader's** business transactions and submission of incomplete reports to OTS, in violation of 12 C.F.R. §§ 561.2, 561.3, 563.170(c).~~ OTS finds that by

his actions and omissions, ZHAO: (a) engaged in violations of the law or regulations and (b) engaged or participated in unsafe or unsound practices.

3. **Consent.** ZHAO consents to the issuance by the OTS of the accompanying Order to Cease and Desist ("Order"). He further agrees to comply with its terms upon issuance and stipulates that the Order complies with all requirements of law.

4. **Finality.** The Order is issued by the OTS under the authority of 12 U.S.C. §1818(b). Upon its issuance by the Regional Director or designee for the Northeast Region, OTS, it shall be a final order, effective and fully enforceable by the OTS under the provisions of 12 U.S.C. § 1818(i).

5. **Waivers.** ZHAO waives the following:

(a) the right to be served with a written notice of the OTS's charges against him (see 12 U.S.C. § 1818(b));

(b) the right to an administrative hearing of the OTS's charges against him (see 12 U.S.C. § 1818(b));

(c) the right to seek judicial review of the Order, including, without limitation, any such right provided by 12 U.S.C. §1818(h), or otherwise to challenge the validity of the Order; and

(d) any and all claims against the OTS, including its employees and agents, and any other governmental entity for the award of fees, costs or expenses related to this enforcement matter and/or the Order, whether arising under common law, the Equal Access to Justice Act, 5 U.S.C. § 504 or 28 U.S.C. § 2412.

6. **Indemnification.** ZHAO shall neither cause nor permit Crusader (or any successor institution, holding company, subsidiary, or service corporation thereof) to incur, directly or indirectly, any expense for any legal or other professional expenses incurred by ZHAO or NCSC relative to the negotiation and issuance of the Order to Cease and Desist. Nor shall ZHAO obtain any indemnification (or other reimbursement) from Crusader (or any successor institution, holding company, subsidiary, or service corporation thereof) with respect to such amounts. Any such payments received by or on behalf of ZHAO in connection with this action shall be returned to Crusader (or the successor institution, holding company, subsidiary, or service corporation thereof).

7. **Other Government Actions Not Affected.**

(a) ZHAO acknowledges and agrees that the consent to the issuance of the Orders is for the purpose of resolving this cease-and-desist action only, and does not release, discharge, compromise, settle, dismiss, resolve, or in any way affect any actions or charges against ZHAO that have been or may be brought by any other government entity other than the OTS or any liability of ZHAO that may arise pursuant to such actions or otherwise.

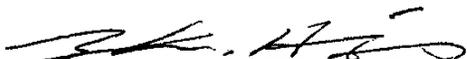
(b) By signing this Stipulation and Consent to Issuance of an Order to Cease and Desist, ZHAO agrees that he will not assert this proceeding, his consent to the issuance of the Order, or the issuance of the Order, as the basis for a claim of double jeopardy in any pending or future proceeding brought by the United States Department

of Justice or any other Federal or state governmental entity.

WHEREFORE, ZHAO executes this Stipulation and Consent to Issuance of an Order to Cease and Desist, intending to be legally bound hereby.

By:

Accepted By:
Office of Thrift Supervision



Haiching Zhao



Robert C. Albanese
Northeast Regional Director

Dated: 11/26/2001

Dated: 12/14/01

ACKNOWLEDGMENT

District of Columbia) ss:

On this 26th day of November, 2001, before me, the undersigned notary public, personally appeared Haiching Zhao and acknowledged his execution of the foregoing STIPULATION AND CONSENT TO ISSUANCE OF AN ORDER TO CEASE AND DESIST.


Notary Public

My Commission expires:

June 14, 2004

**UNITED STATES OF AMERICA
Before The
OFFICE OF THRIFT SUPERVISION**

In the Matter of:)
)
Haiching Zhao,)
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Former Employee and)
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Crusader Savings Bank, FSB,)
Philadelphia, PA)
(OTS Docket No. 05030))

RE: OTS Order No.: NE01-09

Dated: December 14, 2001

ORDER TO CEASE AND DESIST

WHEREAS, Haiching Zhao ("ZHAO") has executed a Stipulation and Consent to Issuance of an Order to Cease and Desist ("Stipulation"); and

WHEREAS, ZHAO, by his execution of the Stipulation, has consented and agreed to the issuance of this Order to Cease and Desist ("Order") by the Office of Thrift Supervision ("OTS"), pursuant to 12 U.S.C. §1818(b).

NOW THEREFORE, IT IS ORDERED that:

1. ZHAO shall cease and desist from serving as an officer or director of, and from further participation, directly or indirectly in any manner as an institution-affiliated party as defined in 12 U.S.C. § 1813(u), in the conduct of the affairs of, any insured

depository institution, or any holding company, subsidiary, or service corporation thereof unless he shall first obtain the prior written approval of OTS for such participation.

2. While acting as, or being employed by, any "mortgage broker" (as defined in 24 C.F.R. § 3500.2(b)), which is not a subsidiary, affiliate, or service corporation of an insured depository institution, or while acting in any other capacity, **ZHAO** may not without prior written approval of OTS engage in or offer to engage in "servicing" (as defined in 24 C.F.R. § 3500.2(b)) or loan underwriting with respect to any mortgage financed by any insured depository institution or any holding company, subsidiary, or service corporation thereof. For the purposes of this Order, "loan underwriting" shall be defined as the final decision, including verification of borrower information, by a lender to fund a "mortgage loan" (as defined in 24 C.F.R. § 3500.2(b)) to a particular borrower.

3. The Stipulation is made a part hereof and is incorporated herein by this reference.

4. This Order shall become effective on the date it is issued, as shown in the caption hereof. The Stipulation and Order shall remain in effect until terminated, modified or suspended, in writing by the OTS, acting through its Director, Regional Director or other authorized representative.

5. **ZHAO** shall respond promptly, without issuance of a subpoena, to any request from the OTS for documents or information that the OTS reasonably requests to demonstrate compliance with these Orders.

6. The terms and provisions of this Order shall be binding upon and inure to the benefit of ZHAO and OTS or its successors in interest.

OFFICE OF THRIFT SUPERVISION

By:

A handwritten signature in cursive script, appearing to read "Robert C. Albanese", written over a horizontal line.

Robert C. Albanese
Northeast Regional Director