

FEDERAL DEPOSIT INSURANCE CORPORATION
WASHINGTON, D.C.

In the Matter of)

NEW JERSEY COMMUNITY BANK)
FREEHOLD, NEW JERSEY)

(INSURED STATE NONMEMBER BANK))
_____)

CONSENT ORDER

FDIC-15-0176b

The Federal Deposit Insurance Corporation ("FDIC") is the appropriate Federal banking agency for New Jersey Community Bank, Freehold, New Jersey ("Bank"), under section 3(q) of the Federal Deposit Insurance Act ("Act"), 12 U.S.C. § 1813(q).

The Bank, by and through its duly elected and acting Board of Directors ("Board"), has executed a STIPULATION AND CONSENT TO THE ISSUANCE OF A CONSENT ORDER ("CONSENT AGREEMENT"), dated July 29, 2015, that is accepted by the FDIC. With the CONSENT AGREEMENT, the Bank has consented, without admitting or denying any charges of unsafe or unsound banking practices or violations of law or regulation relating to weaknesses in the bank's Bank Secrecy Act ("BSA") Compliance Program and management, to the issuance of this CONSENT ORDER ("ORDER") by the FDIC.

Having determined that the requirements for issuance of an order under section 8(b) of the Act, 12 U.S.C. § 1818(b), have been satisfied, the FDIC hereby orders that:

WRITTEN BSA COMPLIANCE PROGRAM

1. (a) Within 90 days from the effective date of the ORDER, the Bank shall develop, adopt, and implement a revised, written BSA Compliance Program, including policies and procedures, which fully meets all applicable requirements of section 326.8 of the FDIC's Rules and Regulations, 12 C.F.R. § 326.8, and which is designed to, among other things, ensure and maintain full compliance by the Bank with the BSA and the rules and regulations issued pursuant thereto.

(b) The Bank shall provide the Regional Director of the FDIC's New York Regional Office ("Regional Director") and the Commissioner of the New Jersey Department of Banking and Insurance (the "Commissioner") with a copy of the revised, written BSA Compliance Program for non-objection or comment. Thereafter, the revised BSA Compliance Program shall be implemented in a manner acceptable to the Regional Director and the Commissioner, as determined at subsequent examinations and/or visitations of the Bank.

BSA RISK ASSESSMENT

2. Within 60 days from the effective date of this ORDER, the Bank shall conduct a risk assessment of the Bank's operations ("Risk Assessment"), consistent with the guidance for risk assessments set forth in the *Bank Secrecy Act/Anti-Money Laundering Examination Manual* compiled by the Federal Financial Institutions Examination Council (the "BSA Manual"), and shall establish appropriate written policies, procedures, and processes regarding Risk Assessments. The Risk Assessment shall address all pertinent risk factors that affect the overall BSA/Anti-money laundering ("AML") risk profile of the Bank and ensure that risk ratings are accurate and well supported through qualitative and quantitative data.

BSA INTERNAL CONTROLS

3. (a) Within 90 days from the effective date of this ORDER, the Bank shall develop a revised system of internal controls designed to ensure full compliance with the BSA ("BSA Internal Controls") taking into consideration the Bank's size and risk profile, as determined by the Risk Assessment required by paragraph 2 of this ORDER.

(b) At a minimum, such system of BSA Internal Controls shall include policies, procedures, and processes addressing the following areas:

(i) **Suspicious Activity Monitoring and Reporting:** The Bank shall, taking into account its size and risk profile, develop, adopt and implement policies, procedures, processes, and systems for monitoring, detecting, and reporting suspicious activity being conducted in all areas within or through the Bank; and ensure the timely, accurate, and complete filing of Suspicious Activity Reports ("SARs"), with an appropriate level of documentation and support for management's decisions to file or not to file a SAR, as required by law. These policies, procedures, processes and systems should ensure that all relevant areas of the Bank are monitored for suspicious activity, including, but not limited to: cash transactions, monetary instruments, international and domestic wire transfers, Automatic Clearing House and ATM transactions, and remote deposit capture transactions. Any systems the Bank plans to utilize to assist in monitoring, detecting and reporting suspicious activity should be validated, and parameters which are established, should be supported through a documented analysis of appropriate information.

(ii) Due Diligence: The Bank shall review and enhance its customer due diligence ("CDD") policies, procedures and processes for new and existing customers to:

- a. be consistent with the guidance for CDD set forth in the BSA Manual; and
- b. operate in conjunction with its Customer Identification Program ("CIP");

(iii) At a minimum, the CDD program shall provide for:

- a. a risk assessment of the customer base through an appropriate risk rating system to ensure that the risk level of the Bank's customers is accurately identified based on the potential for money laundering or other illicit activity posed by the customer's activities, with consideration given to the purpose of the account, the anticipated type and volume of account activity, types of products and services offered, and locations and markets served by the customer;
- b. an appropriate level of ongoing monitoring commensurate with the risk level to ensure that the Bank can reasonably detect suspicious activity and accurately determine which customers require enhanced due diligence ("EDD");
- c. obtaining and analyzing a sufficient level of customer information at account opening to assist and support the risk ratings assigned;
- d. a process for documenting and supporting the analysis conducted under the CDD process, including a process for validating risk ratings assigned at account opening, and resolving issues when insufficient or inaccurate information is obtained; and

e. processes to reasonably ensure the timely identification and accurate reporting of known or suspected criminal activity, as required by the suspicious activity reporting provisions of Part 353 of the FDIC's Rules and Regulations, 12 C.F.R. Part 353.

(iv) Enhanced Customer Due Diligence: The Bank shall establish EDD policies, procedures and processes to conduct EDD necessary for those categories of customers the Bank has reason to believe pose a heightened risk of suspicious activity, including, but not limited to, high risk accounts. The EDD policies, procedures and processes adopted should:

a. be consistent with the guidance for EDD set forth in the BSA Manual; and

b. operate in conjunction with its CIP and CDD policies, procedures and processes;

(v) At a minimum, the EDD program shall require EDD procedures to:

a. determine the appropriate frequency for conducting ongoing reviews, based on customer risk level;

b. determine the appropriate documentation necessary to conduct and support ongoing reviews and analyses in order to reasonably understand the normal and expected transactions of the customer; and

c. reasonably ensure the timely identification and accurate and complete reporting of known or suspected criminal activity against or involving the Bank to law enforcement and supervisory authorities, as required by the suspicious activity reporting provisions of Part 353 of the FDIC's Rules and Regulations, 12 C.F.R. Part 353.

(vi) These policies, procedures, processes, and practices shall operate in conjunction with each other, and be consistent with the guidance for account/transaction

monitoring and reporting set forth in the BSA Manual, including arranging for the dissemination of a high-risk customer list to appropriate departments within the Bank.

(c) The Board shall approve the revised system of internal controls, which approval shall be recorded in the minutes of the Board meeting. Thereafter, the Bank shall implement and fully comply with the revised system of internal controls.

OFAC RISK ASSESSMENT

4. Within 60 days from the effective date of this ORDER, the Bank shall conduct an Office of Foreign Assets Control ("OFAC") risk assessment which provides a complete evaluation of the Bank's OFAC risk ("OFAC Risk Assessment"), consistent with the guidance for OFAC risk assessments set forth in the BSA Manual, and shall establish appropriate written policies, procedures, and processes regarding OFAC Risk Assessments. The OFAC Risk Assessment shall address all pertinent risk factors that affect the overall BSA/AML risk profile of the Bank and ensure that risk ratings are accurate and well supported through qualitative and quantitative data.

OFAC SCREENING

5. Within 60 days from the effective date of this ORDER, the Bank shall implement an effective system to ensure that OFAC screening is conducted in a timely manner and is consistent with the guidance set forth in the BSA Manual to ensure compliance with OFAC laws and regulations.

BSA INDEPENDENT TESTING

6. (a) Within 60 days from the effective date of this ORDER, the Bank shall establish independent testing programs for compliance with the BSA and OFAC rules and regulations, to be performed on no less than an annual basis. The scope of the testing procedures to be performed shall be documented in writing and approved by the Board or its designee. Testing procedures should be consistent with the guidance for independent testing as set forth in the BSA Manual and, at a minimum, address the following:

- (i) overall integrity and effectiveness of the BSA/AML compliance program, including policies, procedures, and processes;
- (ii) BSA/AML risk assessment;
- (iii) BSA reporting and recordkeeping requirements;
- (iv) CIP implementation;
- (v) adequacy of CDD and EDD policies, procedures, and processes and whether they comply with internal requirements;
- (vi) personnel adherence to the Bank's BSA/AML policies, procedures, and processes;
- (vii) appropriate transaction testing, with particular emphasis on high-risk operations;
- (viii) training adequacy, including its comprehensiveness, accuracy of materials, the training schedule, and attendance tracking;
- (ix) an evaluation of management's efforts to resolve violations and deficiencies noted in the previous tests or audits and regulatory examinations;

(x) an assessment of the overall process for identifying and reporting suspicious activity, including a review of filed or prepared SARs to determine their accuracy, timeliness, completeness, and effectiveness of the Bank's policy; and

(xi) accuracy and completeness of account risk profiles.

(b) Testing results shall be documented in a written report which shall provide recommendations for improvement, and be approved by the Board or its designee within 60 days of completion.

BSA AND OFAC OFFICER

7. (a) Within 60 days from the effective date of this ORDER, the Bank shall designate a qualified individual ("BSA Officer") acceptable to the Regional Director and the Commissioner with delegated and requisite managerial authority and an adequate level of appropriate resources to implement and enforce BSA compliance, including training, in all material respects with all BSA/AML laws and regulations. The BSA Officer's qualifications should be commensurate with the complexity of the Bank's activities and operations and the appointment of the BSA Officer shall conform with guidance for the BSA officer position, as set forth in the BSA Manual. Bank employees who are responsible for performing BSA/AML monitoring and reporting activities shall report directly to the BSA Officer.

(b) Within 60 days from the effective date of this ORDER, the Bank shall designate a qualified individual ("OFAC Officer") acceptable to the Regional Director and the Commissioner with delegated and requisite managerial authority and an adequate level of appropriate resources to be responsible for coordinating and monitoring day-to-day compliance with the OFAC laws and regulations and the oversight of blocked funds. The OFAC Officer

shall (i) have sufficient executive authority to monitor and ensure compliance with the OFAC laws and regulations; (ii) provide reports directly to the Board or the committee established pursuant to paragraph 13 of the ORDER; (iii) report to the Bank's Audit Committee on a regular basis, not less than quarterly, with respect to OFAC matters; and (iv) be responsible for assuring the proper and timely filing of, reports of blocked or rejected transactions with OFAC and any other reports required by the OFAC laws and regulations.

(c) The designated BSA Officer and OFAC Officer may be the same qualified individual.

BSA STAFFING

8. Within 60 days from the effective date of this ORDER, and periodically thereafter, no less than annually, the Bank shall perform a review of its BSA staffing needs to ensure adequate and appropriate resources are in place at all times. The review should include, at a minimum, consideration of the Bank's size and growth plans, geographical areas served, products and services offered, and changes in the BSA/AML practices, rules and regulations.

BSA TRAINING

9. (a) The Bank shall take all steps necessary, consistent with sound banking practices, to ensure that all appropriate personnel are aware of, and can comply with, the requirements of the BSA applicable to the individual's specific responsibilities to assure the Bank's compliance with the BSA.

(b) Within 90 days from the effective date of this ORDER, the Bank shall develop, adopt and implement effective training programs designed for the Board, management and staff

and their specific compliance responsibilities on all relevant aspects of laws, regulations, and Bank policies, procedures and processes relating to the BSA ("Training Program"). This Training Program shall ensure that all appropriate personnel are aware of, and can comply with, the requirements of the BSA on an ongoing basis, including as they relate to high-risk products and services. The Training Program shall, at a minimum, include:

- (i) an overview of the BSA for new staff along with specific training designed for their specific duties and responsibilities upon hiring;
- (ii) training on the Bank's BSA policies, procedures and processes along with new rules and requirements as they arise for appropriate personnel designed to address their specific duties and responsibilities;
- (iii) a requirement that the Bank fully document the training of each employee with respect to the BSA policies, procedures and processes, including the designated BSA Officer; and
- (iv) a requirement that BSA training be conducted no less frequently than annually.

REPORTS

10. The Bank shall ensure that all required reports, including Currency Transaction Reports ("CTRs"), SARs, Reports of International Transportation of Currency or Monetary Instruments, Reports of Foreign Bank and Financial Accounts, and any other similar or related reports required by law or regulation are completed accurately and properly filed within required timeframes.

LOOK BACK REVIEW

11. (a) Within 30 days from the effective date of this ORDER, the Bank shall engage a qualified firm, acceptable to the Regional Director and the Commissioner, to conduct a review of all accounts and transaction activity for the time period beginning January 1, 2014 through the effective date of this ORDER to determine whether suspicious activity involving any accounts or transactions within or through the Bank was properly identified and reported in accordance with the applicable suspicious activity reporting requirements ("Look Back Review").

(b) Within 90 days of receipt of the Regional Director's and Commissioner's non-objection, the qualified firm shall commence the Look Back Review, and shall prepare any additional CTRs and SARs necessary based upon the review. Upon completion of the Look Back Review, the Bank shall submit the findings of the review and copies of any additional SARs and CTRs filed to the Regional Director and the Commissioner.

CORRECTION OF VIOLATIONS

12. The Bank shall take all steps necessary, consistent with other provisions of this ORDER and safe and sound banking practices, to eliminate or correct and prevent unsafe or unsound banking practices, violations of laws or regulation, and all contraventions of regulatory policies or guidelines cited in the December 22, 2014 Report of Examination issued by the FDIC and the NJDOBI.

BSA COMPLIANCE COMMITTEE

13. Within 30 days from the effective date of this ORDER, the Board shall establish a BSA compliance committee ("BSA Compliance Committee") a majority of which members who are

not now, and have never been, involved in the daily operations of the Bank, and whose composition is acceptable to the Regional Director and the Commissioner, with the responsibility of ensuring compliance with the provisions of this ORDER. The BSA Compliance Committee shall monitor compliance with this ORDER and submit a written monthly report to the full Board detailing the form, content, and manner of any action taken to ensure compliance with this ORDER. A copy of the report and any discussion related to the report or the ORDER shall be included in the minutes of the Board meeting. Copies of the monthly report shall be submitted to the Regional Director and the Commissioner as part of the progress reports required by this ORDER. Nothing contained herein shall diminish the responsibility of the entire Board to ensure compliance with the provisions of this ORDER.

PROGRESS REPORTS

14. Within 30 days from the end of each calendar quarter following the effective date of this ORDER, the Bank shall furnish to the Regional Director and the Commissioner written progress reports detailing the form, manner, and results of any actions taken to secure compliance with this ORDER. All progress reports and other written responses to this ORDER shall be reviewed by the Board and made a part of the Board minutes.

SHAREHOLDER DISCLOSURE

15. Following the effective date of this ORDER, the Bank shall provide to its shareholders or otherwise furnish a description of this ORDER, in conjunction with the Bank's next shareholder communication and in conjunction with its notice or proxy statement preceding the Bank's next shareholder meeting. The description shall fully describe the ORDER in all material respects.

The description and any accompanying communication, statement, or notice shall be sent to the FDIC, Division of Risk Management Supervision, Accounting-Registration, Disclosure and Securities Section, 550 17th Street, N.W., Washington, D.C. 20429 for non-objection or comment at least 30 days prior to dissemination to shareholders. Any changes requested to be made by the FDIC shall be made prior to dissemination of the description, communication, notice, or statement.

MISCELLANEOUS

It is expressly understood that if, at any time, the Regional Director and the Commissioner shall deem it appropriate in fulfilling the responsibilities placed upon them under applicable law to undertake any further action affecting the Bank, nothing in this ORDER shall bar, estop, or otherwise prevent them or any other federal or state agency or department from taking any other action against the Bank or any of the Bank's current or former institution-affiliated parties.

This ORDER shall be effective on the date of issuance.

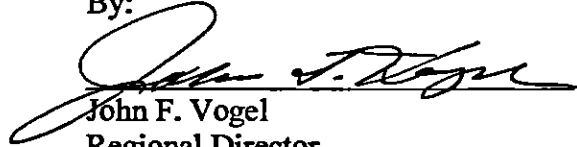
The provisions of the ORDER shall be binding upon the Bank, its institution-affiliated parties, and any successors and assigns thereof.

The provisions of the ORDER shall remain effective and enforceable except to the extent that and until such time as any provision has been modified, terminated, suspended, or set aside by the FDIC.

Issued Pursuant to Delegated Authority.

Dated: July 30, 2015

By:

A handwritten signature in black ink, appearing to read "John F. Vogel", written over a horizontal line.

John F. Vogel
Regional Director
New York Region
Federal Deposit Insurance Corporation