

STATE OF ILLINOIS

DEPARTMENT OF FINANCIAL AND PROFESSIONAL REGULATION

DIVISION OF BANKING

IN THE MATTER OF:

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2007-MBR-27

PROVIDENTIAL BANCORP, LTD.

License No. MB.0005744

Attn.: Dale Turken

600 W. Chicago Avenue, Suite 350

Chicago, IL 60610

ORDER REVOKING LICENSE

THE DEPARTMENT OF FINANCIAL AND PROFESSIONAL REGULATION, Division of Banking, (the "Department"), having conducted an examination of the facts related to Providential Bancorp, Ltd. (the "Licensee") and having found that the Licensee committed violations of the Residential Mortgage License Act of 1987 (the "Act") [205 ILCS 635], and of the rules promulgated under the Act (the "Rules") [38 Ill. Adm. Code 1050], hereby issues this ORDER pursuant to the authority provided under Section 4-5 (h)(1) of the Act. The Department makes the following:

FINDINGS

1. That Providential Bancorp, Ltd. is an Illinois residential mortgage licensee holding license No. MB.0005744 and located at 600 W. Chicago Avenue, Suite 350, Chicago, Illinois 60610;
2. That Licensee was examined by the Department on February 18, 2004 resulting in Licensee being placed in supervision by the Department and during supervision Licensee failed to comply with minimum net worth for the Licensee's fiscal year ending December 31, 2004, and subsequently delayed its filing of financials for the Licensee's fiscal year ending December 31, 2005 by approximately six months;
3. That Licensee's failures to comply with minimum net worth and respond to the Department during supervision resulted in the Department issuing Consent Order No. 2006-MBR-42 (the "Order");
4. That under the Order, Licensee admitted its failure to comply with minimum net worth for the Licensee's fiscal year ending December 31, 2005, and was assessed a penalty fee of \$9,000 for late filing of the fiscal year 2005 financials, and agreed to submit its audited financials for Fiscal Year 2006 to the Department on or before March 31, 2007 as required by Section 3-2 of the Act and stated that Licensee understood that failure to do so will be treated by the Department as a repeat violation subject to disciplinary suspension or other administrative action under Sections 3-2 or 4-5 of the Act;

5. That further under the Order, Licensee agreed to provide to the Department monthly financial reporting, prepared internally by the company or by an outside accounting firm, including a balance sheet, and income/expenses, as well as a brief report of any significant events that impact the company's operations and equity position;
6. That further under the Order, Licensee agreed to provide to the Department each month a copy of any meeting notices and minutes produced for Licensee's Board of Directors, and Advisory Board, and to provide copies of any options purchase agreements, strategic and growth plans, and revisions thereto;
7. That further under the Order, Licensee agreed to fully comply with Rules Section 1050.480 concerning application for Department approval of proposed changes in ownership or control, and to comply with Rules Section 1050.480 such that the Department's records for Providential are current as to its ownership and control at all times;
8. That Licensee submitted to the Department on January 2, 2007 a balance sheet at November 30, 2006 and profit loss statement for November 2006 and year-to-date (YTD); on February 27, 2007 a balance sheet at January 31, 2007 and profit loss statement for January and YTD as well as a financial investment note; on March 7, 2007 a request for an extension of the audit filing deadline; on March 28, 2007 balance sheet as of February 28, 2007 and income statement for February 2007; on April 30, 2007 the audited financial statements for the year ended December 31, 2006; and on May 24, 2007 notice of wording changes in two of the notes to the financial statements and forwarding information request for new hardcopy audited financials;
9. That Licensee submitted to the Department a legal inquiry received on March 26, 2007 as to filing a change of ownership or control concerning a settlement agreement by Licensee with minority shareholder executed on October 13, 2006 and effective August 29, 2006; Licensee then filed on April 12, 2007 with the Department a change of ownership or control attaching the aforementioned settlement agreement, however, the Department found that information was missing and sent an initial letter to Licensee on April 18, 2007 requesting additional information (including, but not limited to, a brief statement clarifying all the owners' interest in the company and a list of officers and directors) to be provided within fifteen business days prior to processing the application and thereupon Licensee did not provide the requested information and the Department sent a second request on June 25, 2007 with notice that the missing documentation must be submitted by July 31, 2007 or the application will be cancelled;
10. That the Department finds upon review of its records that Licensee's submissions of information as required under the Order, Act and Rules are incomplete and not in compliance; and
11. That the Department granted the Licensee a filing extension for the audited financials for the Licensee's fiscal year ending December 31, 2006 (the "Financials") and that Licensee timely filed the Financials with the Department according to the extension, however, upon review of the Financials, the Department finds that Financials show

Licensee to have negative net worth of approximately \$292,000 or approximately \$442,000 below the required minimum net worth of \$150,000, thereby constituting a repeat violation of minimum net worth requirements of the Act and Rules.

CONCLUSIONS

BASED UPON THE ABOVE FINDINGS, THE DEPARTMENT IS OF THE OPINION AND CONCLUDES:

Notwithstanding notices, entry of a consent order and other efforts by the Department, Licensee has failed to timely file required information and documents and maintain minimum net worth in violation of Sections 2-4 (s) & (t) and 3-5 of the Act and Sections 1050.410 and 1050.480 of the Rules and therefore is in violation of Sections 4-5(i) (11) and (17) of the Act.

ORDER

NOW, THEREFORE IT IS HEREBY ORDERED that the license of PROVIDENTIAL BANCORP, LTD., License No. MB.0005744 is revoked by Order of the Department pursuant to 4-5 (h) (1) of the Act for failure to comply with the provisions cited herein of the Act and Rules, effective 10 days after receipt of this Order, unless you request a hearing pursuant to the Act and Subpart N of the Rules, including remitting the hearing fee required by Section 1050.270 of the Rules.

ORDERED THIS 29TH DAY OF JUNE, 2007

ILLINOIS DEPARTMENT OF FINANCIAL AND PROFESSIONAL REGULATION,
DEAN MARTINEZ, SECRETARY

DIVISION OF BANKING

JORGE A. SOLIS
DIRECTOR

You are hereby notified that this Order is an administrative decision. Pursuant to 205 ILCS 635/4-12 and 38 Ill. Admin. Code 1050.1510 et seq. any party may file a request for an administrative decision. The request for a hearing shall be filed within 10 days after receipt of an

administrative decision and the Department shall hold the hearing after receipt of said request. Absent a request for a hearing, this Order shall constitute a final administrative Order subject to the Administrative Review Law [735 ILCS 5/3-101 et seq.].