

AMHC

America's Mutual Holding Companies Where the Community and the Market Bank

November 3, 2011

Jennifer Johnson
Secretary
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue, NW
Washington, DC 20551

Re: Docket No. R-1429 / RIN No. 7100-AD-80
VIA ELECTRONIC MAIL: regs.comments@federalreserve.gov

Dear Ms. Johnson:

America's Mutual Holding Companies ("AMHC") appreciates the opportunity to provide further comments to the Board of Governors of the Federal Reserve System (the "Board") on the interim final rule on mutual holding companies, found at Regulation MM. Reference is made to that certain comment letter, dated November 1, 2011 sent by AMHC to the Board (the "Prior Comment Letter"). As indicated in the Prior Comment Letter, AMHC is concerned with the provision in Regulation MM that requires a mutual holding company ("MHC") to seek and obtain an annual approval of members before the MHC may waive its right to dividends paid by a stock subsidiary.

The purpose of this follow up comment letter is to bring to your attention that this interim final rule is being used for the basis of fiduciary litigation. We note, in particular, a letter sent by Stilwell Value Partners IV, L.P ("Stilwell") to Northeast Community Bancorp, Inc. ("NCB"), dated October 3, 2011, a copy of which is attached hereto as Exhibit A, whereby Stilwell claims that the Board "has essentially eliminated the ability of mutual holding companies to waive dividends." He continues with the assertion that therefore there is "no sane or rational basis for the Company to continue to exist in the mutual holding company structure." In this connection, Stilwell has filed a complaint against, among other parties, NCB, a copy of which is attached hereto as Exhibit B, whereby Stilwell alleges, among other things, that the refusal of the NCB's Board to approve a second step conversion constitutes a breach of fiduciary duty to minority stockholders because the Federal Reserve Board "recently issued new regulations which practically eliminate the ability of MHC's to waive their dividends in favor of public

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shareholders.” As a result, Regulation MM has emboldened activist shareholders like Stilwell and has already and will continue to cost NCB significant amounts of time and capital, and will likely do the same for other MHC’s, before a board even addresses whether it wants to go through the expense of an annual meeting of members to obtain the approval of a dividend waiver.

America’s Mutual Holding Companies appreciates this opportunity to provide the above comments to the Board. If you have any questions, please do not hesitate to contact me at 914-684-2500 or Douglas Faucette at 202-220-6961.

Best Regards,

A handwritten signature in black ink, appearing to read 'KAM', followed by a horizontal line extending to the right.

Kenneth Martinek

Chairman

America’s Mutual Holding Companies

701 8th Street NW, Suite 700, Washington, DC 20001

www.americasmutualholdingcompanies.com

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EXHIBIT A

Stilwell Letter, dated October 3, 2011

(attached hereto)

STILWELL VALUE PARTNERS IV, L.P.

111 Broadway, 12th Floor
New York, New York 10006
(212) 269-5800

October 3, 2011

By Federal Express

Board of Directors
Northeast Community Bancorp, Inc.
325 Hamilton Avenue
White Plains, New York 10601

Re: Demand to Take Corrective Measures

Ladies and Gentlemen:

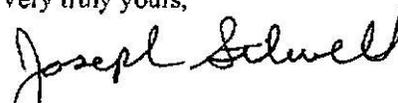
Stilwell Value Partners IV, L.P. ("SVP") has been a shareholder of Northeast Community Bancorp, Inc. (the "Company") for over four years. During this time, I have made repeated suggestions to management and the board on how to improve the value of the Company's shares, including stock repurchases, a management stock benefit plan tied to capital allocation, and a second step conversion. These suggestions have been ignored. The value of SVP's investment has substantially declined. I hold the board and management personally responsible for the losses suffered to date by my fund and similarly situated shareholders.

At this point, there is no sane or rational basis for the Company to continue to exist in the mutual holding company structure. The Federal Reserve Board has essentially eliminated the ability of mutual holding companies to waive dividends. The Fed has also issued tighter regulations whereby it will now "scrutinize" stock repurchases by mutual holding companies. (But this is largely academic because the Company has indicated that it has no intention to pursue stock repurchases.) The Company has never had a capital allocation plan nor taken any meaningful actions to try to realize value for public shareholders. Indeed, the directors have evinced a complete abdication as fiduciaries to the public shareholders.

The directors have a bias and conflict when it comes to determining whether to undertake a second step conversion. That is because they simultaneously serve on the boards of the Company and its largest shareholder, Northeast Community Bancorp, MHC ("NECB MHC"), which has a direct stake in outcome of a second step. Therefore, I demand that the Company expand its board of directors to include individuals who are not (and were never on) the NECB MHC board, and that these directors immediately consider whether to cause the Company to undertake a second step. Existing Company directors should be disqualified from considering whether to second step. Likewise, new, unconflicted directors should be placed on NECB MHC as well and undertake this consideration (which I hereby demand by copy of this letter, in my capacity as a depositor.)

Should I not receive a satisfactory response within two weeks, we will seek redress against you personally in court.

Very truly yours,



Joseph Stilwell

Copy to: Northeast Community Bancorp, MHC

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EXHIBIT B

Stilwell v. NCB Complaint

(attached hereto)

SUPREME COURT OF THE STATE OF NEW YORK
COUNTY OF NEW YORK

STILWELL VALUE PARTNERS IV, L.P., on its own behalf with respect to certain claims and suing derivatively, as a shareholder, on behalf of Northeast Community Bancorp, Inc., a nominal defendant,

Plaintiff,

against-

DIANE B. CAVANAUGH, ARTHUR M. LEVINE, CHARLES A. MARTINEK, KENNETH A. MARTINEK, JOHN F. MCKENZIE, SALVATORE RANDAZZO, HARRY (JEFF) A.S. READ, LINDA M. SWAN, KENNETH H. THOMAS, and NORTHEAST COMMUNITY BANCORP, MHC,

Defendants,

and

NORTHEAST COMMUNITY BANCORP, INC., a nominal defendant.

2011/_____

COMPLAINT

Plaintiff Stilwell Value Partners IV, L.P. ("Stilwell"), on its own behalf and derivatively, as a shareholder, on behalf of Northeast Community Bancorp, Inc. ("Northeast"), brings this action against defendants and states as follows:

1. The case involves the abuse of a federal bank charter to perpetuate nepotism.
 2. Northeast Community Bancorp, MHC ("MHC") is Northeast's majority shareholder.
-

3. MHC opposes certain matters favored by and, admittedly, beneficial to Northeast's minority shareholders.

4. For instance, MHC opposes a "second step conversion transaction" in which MHC is dissolved and its Northeast stock is sold to the public. MHC acknowledges that a second step conversion would increase Northeast's depressed stock price.

5. MHC and Northeast have identical, overlapping boards of directors.

6. The overlapping directors have a conflict of interest when it comes to deciding Northeast proposals opposed by or involving MHC.

7. Moreover, the overlapping directors place their loyalty to MHC's interests over Northeast's minority shareholders' interests, breaching their fiduciary duties as Northeast directors. Additionally, MHC has aided and abetted the overlapping director's breaches, and it has breached its independent fiduciary duty to the minority shareholders.

8. As described below, Stilwell brings this suit to remedy the defendants' breaches and to obtain a fair process by which a second step conversion is considered. As further described below, the federally chartered mutual holding company structure remains in place (despite its economic shortcomings as a result of recent regulatory changes) to perpetuate a third generation of Martinek family nepotism.

Parties

9. Plaintiff is a Delaware limited partnership with its principal place of business at 111 Broadway, 12th Floor, New York, NY 10006.

10. Defendant Diane B. Cavanaugh resides in the State of New York and is an overlapping director.
11. Defendant Arthur M. Levine resides in the State of New York and is an overlapping director.
12. Defendant Charles A. Martinek resides in the State of Connecticut and is an overlapping director.
13. Defendant Kenneth A. Martinek resides in the State of New York and is an overlapping director. Kenneth and Charles are brothers.
14. Defendant John F. McKenzie resides in the State of New York and is an overlapping director.
15. Defendant Salvatore Randazzo resides in the State of New York and is an overlapping director.
16. Defendant Harry (Jeff) A.S. Read resides in the State of Connecticut and is an overlapping director.
17. Defendant Linda M. Swan resides in the State of Connecticut and is an overlapping director.
18. Defendant Kenneth H. Thomas resides in the State of Florida and is an overlapping director.
19. Defendant MHC is a federally chartered mutual holding company with its principal place of business in White Plains, NY.
20. Nominal defendant Northeast is a federally chartered savings and loan holding company with its principal place of business in White Plains, NY.

Facts

21. Northeast came public on July 6, 2006, and its shares trade on NASDAQ. It is the holding company for Northeast Community Bank (the "Bank"). The Bank has branches in New York City, Westchester, and Massachusetts.

22. The Bank was founded in 1934 by the grandfather of the Martinek brothers. Kenneth Martinek's father was President of the Bank before him.

23. In 2006, the overlapping directors restructured the Bank to operate under the mutual holding company structure, becoming partially public. Under the restructuring, MHC received a majority of Northeast's shares for no consideration, while the rest were purchased by public investors. In turn, MHC is owned by the depositors of the Bank, but it is managed, controlled, and dominated by the Martinek family and the overlapping directors.

24. Many of the overlapping directors were appointed by Kenneth's and Charles' father, the rest handpicked by Kenneth Martinek. The overlapping directors sit on the boards of the Bank, MHC, and Northeast. There is no reason why any of the directors of MHC should also sit on the boards of the Bank or Northeast.

25. Stilwell has been a shareholder of Northeast since 2006 and currently holds 1,171,408 shares, or 9.26% of its outstanding shares.

Northeast Has Performed Poorly Since It Came Public

26. In 2006, Northeast's shares opened at \$10 per share, but as of the closing on October 20, 2011, its shares were trading at \$5.70 per share, a 43% decline in value.

27. Since it came public, Northeast's stock price performance has been 10 times worse than the S&P 500 Index stock price performance and two times worse than the SNL Thrift Mutual Holding Company Index stock price performance.

28. Northeast has no bona fide business plan in place for its shareholders.

29. Northeast has performed poorly, and the overlapping directors' agenda is not in line with the shareholders' agenda. For example, among other things:

a. Northeast carries 24% equity to assets, but in over five years has failed to put those assets to any productive use, yielding pitiful returns on equity in the ranges of (2.4%) to 2.2%.

b. It sold a profitable bank branch in Brooklyn and has opened unprofitable branches in suburban Massachusetts, over 210 miles from its historical core market.

c. It currently earns less than it pays for deposits.

Mutual Holding Companies are a Dying Breed

30. Many mutual holding companies have recently undergone second step conversions to become fully converted savings and loan holding companies. They have done so because the potential economic benefits to the public shareholders have disappeared due to changes in federal regulations.

31. More second step conversions were conducted in 2010 than in any prior year. As of October 2010, there were fewer than 70 mutual holding companies remaining, and most financial advisors were recommending them to undertake second

step conversions. As of October 2011, only 56 mutual holding companies remain, and six of them have announced a second step conversion. Aside from Northeast, there are only two other mutual holding companies left in the NYC metropolitan area.

32. Noting the inherent conflict of interest that mutual holding company directors possess, the Federal Reserve Board recently issued new regulations which practically eliminate the ability of mutual holding companies to waive their dividends in favor of public shareholders. 76 C.F.R. 56512 (September 13, 2011). The inability to waive dividends removes the economic reason that these structures are suitable for public investors.

33. Upon information and belief, financial investment advisors are counseling mutual holding companies that request advice to undertake second step conversions.

34. The overlapping directors are aware of the economic importance of waiving dividends. In Northeast's 2006 public offering materials, the overlapping directors advertised to prospective investors that MHC "anticipate[d]" waiving dividends.

35. Northeast should consider a second step conversion because of the elimination of the dividend waiver rule.

36. It should also consider a step conversion because a conversion will increase the value of Northeast's stock, a point understood by the overlapping directors: In Northeast's 2006 public offering materials and all of its SEC quarterly and

annual filings, Northeast has represented that a second step conversion would likely increase Northeast's market value.

The Overlapping Directors are Loyal to the Martineks But Dismissive of Shareholders' Interests

37. In 2008, Stilwell suggested that the overlapping directors adopt a capital allocation plan. The proposal was rejected with no explanation. Northeast has never adopted or considered any capital allocation plan of which plaintiff is aware.

38. The overlapping directors are primarily focused on maintain the mutual holding company structure to entrench themselves and the Martinek family. They are much like trustees of a family business, perpetuating Martinek family control and nepotism. (Defendant Kenneth Martinek's wife is also employed as a Bank executive.)

39. MHC and the overlapping directors are not bashful about their loyalties. They have warned in public securities filings that on matters put to a vote of Northeast shareholders, MHC "must ensure that the interests of depositors of [the Bank] are represented and considered" and that votes cast by MHC "may not be in [the] personal best interests" of Northeast shareholders.

40. But in their distinct roles as directors of Northeast, the overlapping directors are obligated to exercise fiduciary duties to act in the best interests of Northeast's shareholders alone. They are irreconcilably conflicted when it comes to any transaction in which MHC opposes or is involved.

Stilwell Demands Disinterested Consideration of a Second Step Conversion

41. On October 3, 2011, Joseph Stilwell, on behalf of Stilwell, wrote to the overlapping directors. (A copy of the letter is attached as Ex. A.)

42. Mr. Stilwell noted Northeast's poor performance, the losses suffered by Stilwell, the elimination of the dividend waiver rule, and the company's unwillingness to pursue share repurchases or any meaningful actions to realize value for shareholders.

43. Mr. Stilwell stated his belief that the Company should not continue as a mutual holding company and should pursue a second step conversion to realize value for shareholders.

44. Mr. Stilwell noted:

The directors have a bias and conflict when it comes to determining whether to undertake a second step conversion. That is because they simultaneously serve on the boards of the Company and its largest shareholder, Northeast Community Bancorp, MHC ("NECB MHC"), which has a direct stake in outcome of a second step. Therefore, I demand that the Company expand its board of directors to include individuals who are not (and were never on) the NECB MHC board, and that these directors immediately consider whether to cause the Company to undertake a second step. Existing Company directors should be disqualified from considering whether to second step. Likewise, new, unconflicted directors should be placed on NECB MHC as well and undertake this consideration (which I hereby demand by copy of this letter, in my capacity as a depositor.)

45. Mr. Stilwell warned of a lawsuit unless he received a satisfactory response within two weeks.

46. On October 14, 2011, Mr. Martinek responded by letter, thanking Mr. Stilwell for his letter and noting his "appreciation of [Mr. Stilwell's] interest in the Company." (A copy of the letter is attached as Ex. B.)

47. Mr. Martinek stated that the overlapping directors met the previous week to “consider and discuss the demands set forth in [Mr. Stilwell’s] letter and determined that the current composition and size of the Board is well-suited to meet the needs of the Company.”

48. Mr. Martinek also stated that the overlapping directors “review[] the Company’s strategic options on an annual basis, as well as more frequently if the need arises.” He indicated awareness of a second step conversion and consultation with experts “on these matters as appropriate.”

49. Mr. Martinek did not describe what the overlapping directors did to remove conflicts of interest prior to considering and discussing Stilwell’s demand. On information and belief, the overlapping directors did nothing to evaluate and remove the conflicts, nor to disinterestedly consider a second step conversion in light of the recent regulatory changes.

50. The overlapping directors’ refusal to expand the board with disinterested directors was marred by their bias and interest, as are their alleged “annual” or “more frequent” considerations of “strategic options.”

A Demand to Commence a Derivative Action Would Have Been Futile

51. A demand by Stilwell on the overlapping directors to commence a derivative action would have been futile. The overlapping directors have an interest in the matter at issue and, therefore, can not objectively determine whether they should bring an action. The overlapping directors are interested because: (a) the transaction at issue involves MHC, of which they are all directors and owe a fiduciary

duty to act in its best interest, and (b) they are dominated and controlled by MHC and the Martinek family (including fellow overlapping directors Kenneth and Charles), whose collective interest is to maintain a mutual holding company structure even when not in the best interest of Northeast or the minority shareholders. Additionally, they have publicly warned in securities filings that they “must ensure that the interests of depositors of [the Bank] are represented and considered on matters put to a vote” of Northeast’s shareholders, and that those interests might conflict with the best interests of Northeast’s shareholders.

52. Futility is further evidenced by the fact that the overlapping directors failed to evaluate and remove their conflicts of interest by expanding the board in response to plaintiff’s request for disinterested consideration of a second step conversion.

53. Demand also would have been futile because the overlapping directors did not fully inform themselves about the transaction at issue to the extent reasonably appropriate under the circumstances. As reflected in Mr. Martinek’s letter, the overlapping directors did not appear to even consider the merits of a second step conversion or consult with experts to consider Stilwell’s demand.

FIRST CAUSE OF ACTION

54. Plaintiff repeats and realleges the allegations contained in the paragraphs above.

55. The overlapping directors owe fiduciary duties to Northeast’s shareholders of (a) loyalty and (b) due care and good faith.

56. The overlapping directors also owe fiduciary duties to MHC.

57. Directors, such as the defendants, who sit on different boards have an additional duty to zealously safeguard the interests of each corporation.

58. The overlapping directors breached their fiduciary duty of loyalty due to Northeast and its shareholders by failing to allow for disinterested consideration of a second step conversion. The overlapping directors are interested with respect to consideration of a second step conversion because they are all directors of MHC and a second step conversion involves the dissolution of MHC.

59. Moreover, they are all interested with respect to a second step conversion because in a second step conversion, the Martineks (to whom the overlapping directors are beholden and by whom they are controlled) would lose control over Northeast and public shareholders would determine the composition of Northeast's board of directors.

60. The overlapping directors are interested inasmuch as they have warned in public securities filings that they would oppose and prevent a transaction which threatens the existence of MHC, and thus threatens the entrenchment of the Martineks.

61. The overlapping directors exercised no business judgment with respect to a second step conversion, dismissing it outright. They therefore breached their fiduciary duty of due care and good faith because they failed to act in an informed and reasonably diligent basis. Inasmuch as the overlapping directors are incapable of disinterested consideration of a second step conversion, to have discharged their

fiduciary duty of due care and good faith, they should have delegated consideration to an expanded board containing disinterested directors.

62. Given the benefits to Northeast and its minority shareholders, no reasonable, disinterested shareholder would decide against a second step conversion.

63. Plaintiff and Northeast's public shareholders have been injured as a result of the overlapping directors' breaches of their fiduciary duties.

64. Plaintiff and Northeast's public shareholders have no adequate remedy under the law.

65. The court should declare that the overlapping directors breached their fiduciary duties to Northeast and its shareholders and should order them to (a) be excluded from deciding whether to engage in a second step conversion, and (b) expand the board of Northeast to include not less than three qualified, disinterested directors who shall be delegated the sole responsibility (and provided the resources) to independently and objectively consider whether Northeast should engage in a second step conversion.

66. Alternatively, given that no reasonable, disinterested shareholder would decide against a second step conversion, the Court should declare that the overlapping directors breached their fiduciary duties to Northeast and its shareholders and should order that Northeast engage in a second step conversion.

SECOND CAUSE OF ACTION

67. Plaintiff repeats and realleges the allegations contained in the paragraphs above.

68. MHC is Northeast's majority shareholder.

69. MHC owes plaintiff and Northeast's public shareholders a fiduciary duty of the utmost good faith.

70. MHC has breached its fiduciary duty by causing the overlapping directors to consider the interests of MHC over the interests of Northeast shareholders when they are acting in their capacity as directors of Northeast.

71. Plaintiff and Northeast's public shareholders have been injured as a result of the overlapping directors' breaches of their fiduciary duties.

72. Plaintiff and Northeast's public shareholders have no adequate remedy under the law.

73. The Court should order that MHC cause Northeast to expand its board to include not less than three qualified, disinterested directors who shall be delegated the sole responsibility (and provided the resources) to independently and objectively consider whether Northeast should engage in a second step conversion or enjoin it from interfering in Northeast's employment of disinterested decision makers to consider and implement a second step conversion.

THIRD CAUSE OF ACTION

74. Plaintiff repeats and realleges the allegations contained in the paragraphs above.

75. MHC aided and abetted the overlapping directors' breaches of fiduciary duties: (a) MHC was aware that the overlapping directors breached their fiduciary duties because it was put on notice of Stilwell's demand and the overlapping

directors sit on MHC's board; (b) MHC knowingly induced or participated in the breaches because the overlapping directors sit on both boards, and MHC opposes a second step conversion; and (c) the plaintiff has suffered damages as a result of the breaches.

76. Plaintiff and Northeast's public shareholders have no adequate remedy under the law.

77. The Court should order that MHC cause Northeast to expand its board to include not less than three qualified, disinterested directors who shall be delegated the sole responsibility (and provided the resources) to independently and objectively consider whether Northeast should engage in a second step conversion or enjoin it from interfering in Northeast's employment of disinterested decision makers to consider and implement a second step conversion.

WHEREFORE, plaintiff demands:

1. A declaration that the overlapping directors breached their fiduciary duties to Northeast and its shareholders and an order directing the overlapping directors to (a) be excluded from deciding whether to engage in a second step conversion, and (b) expand the board of Northeast to include not less than three qualified, disinterested directors who shall be delegated the sole responsibility (and provided the resources) to independently and objectively consider whether Northeast should engage in a second step conversion;

2. Alternatively, the Court should declare that the overlapping directors breached their fiduciary duties to Northeast and its shareholders and should order that Northeast engage in a second step conversion;

3. A declaration that MHC breached its fiduciary duties and an order that MHC cause Northeast to expand its board to include not less than three qualified, disinterested directors who shall be delegated the sole responsibility (and provided the resources) to independently and objectively consider whether Northeast should engage in a second step conversion or an order enjoining it from interfering in Northeast's employment of disinterested decision makers to consider and implement a second step conversion;

4. For its costs and reasonable attorney fees incurred herein; and

5. Such other relief as may be just and equitable.

Dated: New York, New York
October 31, 2011

SPENCER L. SCHNEIDER

/s/ Spencer L. Schneider
Attorney for Plaintiff
111 Broadway, Suite 1203A
New York, NY 10006
Tel: (212) 267-6900
Fax: (212) 267-6904
sschneider@slsatty.com

EXHIBIT A

STILLWELL VALUE PARTNERS IV, L.P.

111 Broadway, 12th Floor
New York, New York 10006
(212) 269-5800

October 3, 2011

By: Federal Express

Board of Directors
Northeast Community Bancorp, Inc.
325 Hamilton Avenue
White Plains, New York 10601

Re: Demand to Take Corrective Measures

Ladies and Gentlemen:

Stilwell Value Partners IV, L.P. ("SVP") has been a shareholder of Northeast Community Bancorp, Inc. (the "Company") for over four years. During this time, I have made repeated suggestions to management and the board on how to improve the value of the Company's shares, including stock repurchases, a management stock benefit plan tied to capital allocation, and a second step conversion. These suggestions have been ignored. The value of SVP's investment has substantially declined. I hold the board and management personally responsible for the losses suffered to date by my fund and similarly situated shareholders.

At this point, there is no sane or rational basis for the Company to continue to exist in the mutual holding company structure. The Federal Reserve Board has essentially eliminated the ability of mutual holding companies to waive dividends. The Fed has also issued tighter regulations whereby it will now "scrutinize" stock repurchases by mutual holding companies. (But this is largely academic because the Company has indicated that it has no intention to pursue stock repurchases.) The Company has never had a capital allocation plan nor taken any meaningful actions to try to realize value for public shareholders. Indeed, the directors have evinced a complete abdication as fiduciaries to the public shareholders.

The directors have a bias and conflict when it comes to determining whether to undertake a second step conversion. That is because they simultaneously serve on the boards of the Company and its largest shareholder, Northeast Community Bancorp, MHC ("NECB MHC"), which has a direct stake in outcome of a second step. Therefore, I demand that the Company expand its board of directors to include individuals who are not (and were never on) the NECB MHC board, and that these directors immediately consider whether to cause the Company to undertake a second step. Existing Company directors should be disqualified from considering whether to second step. Likewise, new, unconflicted directors should be placed on NECB MHC as well and undertake this consideration (which I hereby demand by copy of this letter, in my capacity as a depositor.)

Should I not receive a satisfactory response within two weeks, we will seek redress against you personally in court.

Very truly yours,

/s/ Joseph Stilwell

Joseph Stilwell

Copy to: Northeast Community Bancorp, MHC

EXHIBIT B



KENNETH A. MARTINEK
CHAIRMAN, PRESIDENT &
CHIEF EXECUTIVE OFFICER

October 14, 2011

VIA FEDERAL EXPRESS

Joseph Stilwell
Stilwell Value Partners IV, L.P.
111 Broadway
12th Floor
New York, NY 10006

Dear Mr. Stilwell:

Thank you for your letter to us dated October 3, 2011 wherein you demand that the Board of Directors of NorthEast Community Bancorp, Inc. take certain actions.

The Board of Directors of the Company values the input of the Company's shareholders. Our Board met this week to consider and discuss the demands set forth in your letter and determined that the current composition and size of the Board is well suited to meet the needs of the Company. Additionally, as we have advised you in the past, the Board of Directors reviews the Company's strategic options on an annual basis, as well as more frequently if the need arises. We are aware of the various alternatives that are available to mutual holding companies and consult with experts on these matters as appropriate.

We appreciate your interest in the Company.

Sincerely,

Kenneth A. Martinek

cc: Board of Directors
NorthEast Community Bancorp, Inc.

EXECUTIVE OFFICES
325 HAMILTON AVENUE, WHITE PLAINS, NY 10601
PHONE (914) 684-2500 FAX (914) 684-0444

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