



BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM
WASHINGTON, DC 20551

September 13, 2013

Mr. Donald J. Vaccaro
325 Clark Hill Road
Glastonbury, Connecticut 06033

Dear Mr. Vaccaro:

The Board of Governors of the Federal Reserve System has considered the notice ("Notice") you filed on August 28, 2013, under the Change in Bank Control Act (12 U.S.C. § 1817(j)) ("CIBC Act") to acquire 51 percent of the voting shares of Urban Financial Group, Inc. ("Urban Financial"), a bank holding company, and its subsidiary bank, The Community's Bank,¹ a state nonmember bank, both of Bridgeport, Connecticut.

The Connecticut Department of Banking has requested, due to the condition of The Community's Bank, that the Board take expedited action on the Notice. For the reasons stated below, the Board has disapproved the Notice. In reaching this decision, the Board has considered all the information provided in the Notice and in related correspondence, information obtained by the Board from various independent sources, and information from consultations with other relevant banking regulators.

Under the CIBC Act, the Board is required to review the financial condition, competence, experience, and integrity of persons acquiring shares of a bank holding company, as well as the proposal's competitive effects and potential effects on the federal deposit insurance funds. As part of this review, the Board is required to make an independent determination that the information filed as part of

¹ The bank had approximately \$26 million in total assets as of June 30, 2013.

a CIBC Act notice is accurate and complete.² The Board also is required to conduct an investigation of the notificant's competence, experience, integrity, and financial ability.³ The Board is specifically authorized under the CIBC Act to disapprove a notice to acquire control of voting shares if any person neglects, fails, or refuses to furnish all the information required by the Board.⁴

In reviewing this case, the Board considered the efforts of the Federal Reserve Bank of New York ("Reserve Bank") and Board staff to obtain information from you concerning your proposed purchase of Urban Financial shares. Reserve Bank staff had an initial telephone conversation with you and your counsel on August 8, 2013; Reserve Bank and Board staff formally requested additional information from you and your counsel on September 4, 2013; and Reserve Bank and Board staff had subsequent telephone conversations with you and your counsel to discuss the Notice.

Notwithstanding these efforts, the Notice remains incomplete in several respects that are material to the Board's consideration of the factors required to be considered under the CIBC Act. For example, your personal financial statements are incomplete and inadequately supported. You also have not provided a sufficient explanation for the inconsistencies between cash on hand and excess cash for prior years as reported on the Cash Flow Statement of your Interagency Biographical and Financial Report ("IBFR"). The business plan for The Community's Bank provided with the Notice included a substantial number of material deficiencies. For example, it did not identify new management or new directors; failed to describe proposed loan products; lacked supporting detail regarding management of the projected aggressive growth in loans; lacked supporting information to justify the bank's total risk-based capital ratios falling below well-capitalized levels; lacked an explanation regarding how nonperforming assets would be addressed; failed to address concerns regarding the proposed loan-referral relationships between the bank and other companies that you own or control; and failed to describe how The Community's Bank would meet all the requirements of its February 2010 consent order with the Federal Deposit Insurance Corporation ("FDIC").

² 12 U.S.C. § 1817(j)(2)(B)(ii).

³ 12 U.S.C. § 1817(j)(2)(B)(i).

⁴ 12 U.S.C. § 1817(j)(7)(E); 12 CFR 225.43(h)(1).

In addition, the Board is required to consider your integrity. Your IBFR failed to fully disclose or explain your lengthy arrest history and the existence or resolution of several tax liens in the public record. You failed to provide sufficient follow-up information on these matters despite requests from Board staff and your representations that you would do so. You and the companies you own or control are currently involved in several investigations by federal and state authorities into their business practices. You did not provide an adequate explanation of these investigations, as requested by Board staff.

The Board also is required to consider your managerial competence and experience. You do not have any experience in the banking industry and have not provided evidence of any formal training or education related to banking or the financial sector. You also have not identified any persons with banking experience whom you would recruit to take over key decisionmaking roles at The Community's Bank.

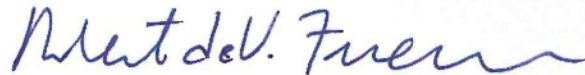
The Connecticut Department of Banking has requested that the Board take expedited action on the Notice. The Board's regulations permit the Board to shorten or waive the public comment or newspaper publication requirements and to act on a notice before the expiration of a public comment period, if it determines in writing that an emergency exists or if delay until the expiration of the comment period would seriously threaten the safety or soundness of the bank to be acquired.⁵ After consultation with the FDIC, the Board finds that the current condition of The Community's Bank requires immediate action and has waived the remainder of the period for receiving public comment on the notice.

Based on the facts discussed above and all other facts of record, and after consultation with the FDIC, the Board finds that you have not provided material information that is required to be filed and that is necessary for the Board's review of and determination on the proposal under the CIBC Act. Accordingly, the Notice is disapproved.

⁵ 12 CFR 225.43(c)(5).

You may submit a written request for a hearing on the Board's determination within 10 days of receipt of this notice of disapproval.⁶ Such a request should be addressed to me, Robert deV. Frierson, Secretary of the Board, Board of Governors of the Federal Reserve System, Washington, DC 20551.

Sincerely yours,

A handwritten signature in blue ink, reading "Robert deV. Frierson".

Robert deV. Frierson
Secretary of the Board

cc: Ivan J. Hurwitz, Vice President
Federal Reserve Bank of New York
Daniel Frye, Area Director
Federal Deposit Insurance Corporation
Howard F. Pitkin, Commissioner
Connecticut Department of Banking
William W. Bouton III, Partner
Hinckley, Allen & Snyder LLP

⁶ 12 U.S.C. § 1817(j)(4).