
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): September 29, 2022

STERLING BANCORP, INC.
(Exact name of registrant as specified in its charter)

Michigan
(State or other jurisdiction
of incorporation)

001-38290
(Commission
File No.)

38-3163775
(IRS Employer
Identification No.)

One Towne Square, Suite 1900
Southfield, Michigan 48076
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: (248) 355-2400

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock	SBT	Nasdaq Capital Market

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 8.01. Other Events.

On September 29, 2022, Sterling Bancorp, Inc. (the “*Company*”) issued a press release announcing the court’s approval of the agreement in the form of a definitive stipulation of settlement (the “*Settlement*”) to settle the shareholder derivative action that was filed against the Company and certain current and former directors of the Company. The substance of the derivative action was originally set forth in a demand letter from a purported shareholder of the Company received on July 28, 2020 (the “*Shareholder Demand*”). Consistent with the Shareholder Demand, the complaint alleged violations of the federal securities laws, primarily with respect to disclosures concerning the Bank’s residential lending practices that were made in the Company’s registration statement and prospectus for its initial public offering, in subsequent press releases, in periodic and other filings with the SEC and during earnings calls. The complaint sought to (1) recover damages the Company has purportedly sustained as a result of alleged breaches of fiduciary duties by certain of its officers and directors; (2) recover for the benefit of the Company the amounts by which certain of its officers and directors purportedly were unjustly enriched; and (3) correct alleged deficiencies in the Company’s internal controls. The Company entered into and announced the Settlement on January 19, 2022.

Pursuant to the Settlement, the Company agreed to adopt and implement substantial corporate governance reforms (the “*Corporate Governance Enhancements*”), many of which were already in progress and have now been completed, and pay attorneys’ fees and expenses in exchange for the release of all defendants from all alleged claims therein. The Corporate Governance Enhancements include, among other things, making certain amendments to both the Company’s Second Amended and Restated Articles of Incorporation and Amended & Restated Bylaws to end the staggered term of the Company’s Board of Directors, establishing certain Board-level and management-level committees and making updates to the Company’s internal policies and practices. The full amount of the attorneys’ fees and expenses due under the settlement will be paid by the Company’s insurance carriers under applicable insurance policies. Although the Company and the individual defendants named in the complaint deny any and all allegations of wrongdoing alleged by the purported shareholder, the Demand Review Committee established by the Company’s Board of Directors after it received the Shareholder Demand and the Company’s Board of Directors believe that the Settlement is the most efficient manner for resolving this matter. The court approval of the Settlement represents the final disposition of this matter.

A copy of the Company’s press release is furnished as Exhibit 99.1 to this Current Report on Form 8-K.

A copy of the Corporate Governance Enhancements is filed as Exhibit 99.2 to this Current Report on Form 8-K.

FORWARD-LOOKING STATEMENTS

This Current Report on Form 8-K contains certain statements that are, or may be deemed to be, “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, regarding the Company’s plans, expectations, thoughts, beliefs, estimates, goals and outlook for the future that are intended to be covered by the protections provided under the Private Securities Litigation Reform Act of 1995. These forward-looking statements reflect our current views with respect to, among other things, future events and our financial performance. These statements are often, but not always, made through the use of words or phrases such as “may,” “might,” “should,” “could,” “predict,” “potential,” “believe,” “expect,” “attribute,” “continue,” “will,” “anticipate,” “seek,” “estimate,” “intend,” “plan,” “projection,” “goal,” “target,” “outlook,” “aim,” “would” and “annualized,” or the negative versions of those words or other comparable words or phrases of a future or forward-looking nature. These forward-looking statements are not historical facts, and they are based on current expectations, estimates and projections about our industry, management’s beliefs and certain assumptions made by management, many of which, by their nature, are inherently uncertain and beyond our control. Accordingly, we caution you that any such forward-looking statements are not guarantees of future performance and are subject to risks, assumptions, estimates and uncertainties that are difficult to predict. The risks, uncertainties and other factors detailed from time to time in our public filings, including those included in the disclosures under the headings “Cautionary Note Regarding Forward-Looking Statements” and “Risk Factors” in our Annual Report on Form 10-K filed with the Securities and Exchange Commission on March 31, 2022, subsequent periodic reports and future periodic reports, could affect future results and events, causing those results and events to differ materially from those views expressed or implied in the Company’s forward-looking statements. Should one or more of the foregoing risks materialize, or should underlying assumptions prove incorrect, actual results or outcomes may vary materially from those projected in, or implied by, such forward-looking statements. Accordingly, you should not place undue reliance on any such forward-looking statements. The Company disclaims any obligation to update, revise, or correct any forward-looking statements based on the occurrence of future events, the receipt of new information or otherwise.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits

No.	Description
99.1	Company press release dated September 29, 2022
99.2	Company's Corporate Governance Enhancements
104	Cover Page Interactive Data File. The cover page XBRL tags are embedded within the inline XBRL document (contained in Exhibit 101)

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Sterling Bancorp, Inc.

By: /s/ KAREN KNOTT
Karen Knott
Chief Financial Officer

Date: September 29, 2022



Sterling Bancorp, Inc. Shareholder Demand Settlement Approved by Court

September 29, 2022

SOUTHFIELD, Mich. - (BUSINESS WIRE) - Sterling Bancorp, Inc. (the "Company") (NASDAQ: SBT), the thrift holding company for Sterling Bank and Trust, F.S.B., Southfield, Michigan (the "Bank"), today announced receipt of final court approval of the settlement of the shareholder derivative action that was filed against the Company and certain current and former directors of the Company. The substance of the derivative action was originally set forth in a demand letter from a purported shareholder of the Company received on July 28, 2020 (the "Shareholder Demand"). The Company entered into and announced the settlement agreement on January 19, 2022.

The settlement agreement provides for the Company's adoption and implementation of certain corporate governance reforms, many of which were already in progress and have now been completed, and the payment of attorneys' fees and expenses in exchange for the release of all defendants from all alleged claims. The full amount of the attorneys' fees and expenses due under the settlement will be paid by the Company's insurance carriers under applicable insurance policies. Although the Company and the individual defendants named in the complaint deny any and all allegations of wrongdoing alleged by the purported shareholder, the Demand Review Committee established by the Company's Board of Directors after it received the Shareholder Demand and the Company's Board of Directors believe that the settlement is the most efficient manner for resolving this matter. The court approval of the settlement represents the final disposition of this matter.

"This final approval of the settlement is another in the important milestones for Sterling. The Board of Directors made their decision with a clear determination to focus the Company on putting legacy matters in the rearview mirror as prudently as possible. We are particularly pleased with the significant corporate governance enhancements that we have implemented over the past two years," said Thomas M. O'Brien, Chairman, President and Chief Executive Officer.

About Sterling Bancorp, Inc.

Sterling Bancorp, Inc. is a unitary thrift holding company. Its wholly owned subsidiary, Sterling Bank and Trust, F.S.B., has primary branch operations in San Francisco and Los Angeles, California and New York City. Sterling offers a range of loan products to the residential and commercial markets, as well as retail and business banking services. Sterling also has an operations center and a branch in Southfield, Michigan. For additional information, please visit the Company's website at <http://www.sterlingbank.com>.

Forward Looking Statements

This press release contains certain statements that are, or may be deemed to be, "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, regarding the Company's plans, expectations, thoughts, beliefs, estimates, goals and outlook for the future that are intended to be covered by the protections provided under the Private Securities Litigation Reform Act of 1995. These forward-looking statements reflect our current views with respect to, among other things, future events and our financial performance. These statements are often, but not always, made through the use of words or phrases such as "may," "might," "should," "could," "predict," "potential," "believe," "expect," "attribute," "continue," "will," "anticipate," "seek," "estimate," "intend," "plan," "projection," "goal," "target," "outlook," "aim," "would" and "annualized," or the negative versions of those words or other comparable words or phrases of a future or forward-looking nature. These forward-looking statements are not historical facts, and they are based on current expectations, estimates and projections about our industry, management's beliefs and certain assumptions made by management, many of which, by their nature, are inherently uncertain and beyond our control. Accordingly, we caution you that any such forward-looking statements are not guarantees of future performance and are subject to risks, assumptions, estimates and uncertainties that are difficult to predict. The risks, uncertainties and other factors detailed from time to time in our public filings, including those included in the disclosures under the headings "Cautionary Note Regarding Forward-Looking Statements" and "Risk Factors" in our Annual Report on Form 10-K filed with the Securities and Exchange Commission on March 31, 2022, subsequent periodic reports and future periodic reports, could affect future results and events, causing those results and events to differ materially from those views expressed or implied in the Company's forward-looking statements. Should one or more of the foregoing risks materialize, or should underlying assumptions prove incorrect, actual results or outcomes may vary materially from those projected in, or implied by, such forward-looking statements. Accordingly, you should not place undue reliance on any such forward-looking statements. The Company disclaims any obligation to update, revise, or correct any forward-looking statements based on the occurrence of future events, the receipt of new information or otherwise.

Contact:

Sterling Bancorp, Inc.
Karen Knott
Executive Vice President and Chief Financial Officer
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Sterling Bancorp, Inc.
Corporate Governance Enhancements

The following represents corporate governance enhancements undertaken or proposed by Sterling Bancorp, Inc. (“Sterling” or the “Company”).

Board Composition

- The Company has adopted resolutions in accordance with its Bylaws to set the number of directors that shall constitute the whole Board of Directors at nine (9) and will amend its Bylaws to require the same.
- The Company agrees that enhanced Board independence is a worthy goal. Achieving any targeted level of independence is made more difficult given: (i) the limited size of the Board; (ii) the time-consuming requirement for applicable regulatory vetting and approval of all director candidates; and (iii) the difficulty in recruiting director candidates to both a Board and a Company of this size and with a controlling stockholder.
- The Company has achieved its goal of six (6) independent directors and shall use its best efforts to ensure a Board composed of no fewer than six (6) independent directors, within the meaning of independent used in the NASDAQ listing standards.
- The Company has appointed three (3) additional independent directors since July 28, 2020. Separately, two (2) independent directors and one (1) non-independent director left the Board during that time. The Company acknowledges that Mr. Cahnman’s demand was a substantial factor in the appointment of the three (3) new independent directors.
- The Board will adopt the following independence enhancements:
 - o If the Chairman is not an “independent” director, then the independent members of the Board shall select one (1) independent director to serve as the Lead Independent Director, who shall act as liaison with the Chairman and shall:
 - § Work directly with the Chairman and appropriate members of Company senior management to ensure the preparation of meeting agendas, materials and schedules, and seek input from all directors as to the preparation of the agendas for Board and committee meetings;
 - § Assess and advise the Board as to the quantity, and timeliness of the information provided to the Board by Company management to assist the Board in performing its oversight duties.

- o The Board shall revise the Company’s corporate governance guidelines to define an independent director as someone who:
 - § has not been employed by the Company or by any of its subsidiaries or affiliates in any capacity within the last three (3) calendar years;
 - § has not received, during the current calendar year or any of the three (3) immediately preceding calendar years, remuneration, directly or indirectly, at the level at which the SEC requires disclosure as a result of service as, or being affiliated with, an entity that serves as: (i) an advisor, consultant, or legal counsel to the Company or to a member of the Company’s senior management; or (ii) a significant customer, supplier, or partner of the Company;
 - § has no personal service contracts with the Company or any member of the Company’s senior management;
 - § during the current calendar year or any of the three (3) immediately preceding calendar years, has not had any business relationship with the Company for which the Company has been required to make disclosure under Regulation S-K of the U.S. Securities and Exchange Commission (“SEC”), other than for service as a director;
 - § is not a member of the Seligman Family;
 - § during the current calendar year or any of the three (3) immediately preceding calendar years has not been employed in their personal or professional capacity by the Seligman family or any company or not-for-profit entity affiliated with the Seligman family; and
 - § is not a member of the immediate family of any person who fails to satisfy the qualifications described above.
- Board members shall participate in appropriate training programs, including the OCC director training program and all components of the Company’s general training program applicable to directors.
- The Company has, since July 2020, added one (1) woman and one (1) Asian-American to the Board of Directors and will continue to use its best efforts, when there are vacancies, to consider women candidates as well as those from underrepresented groups.
- Subject to a duly adopted amendment to the Second Amended and Restated Articles of Incorporation of the Company, the Company will amend its Bylaws to require the annual election of its directors, effective in 2022, ending the staggered Board terms; provided, however, any director who elects to serve out their term shall not be precluded from doing so.

Audit Committee

- At least one (1) member of the Audit Committee shall qualify as an “audit committee financial expert,” as defined under 17 C.F.R. §229.407(d) (5).
- The Audit Committee member designated as the “audit committee financial expert” may not serve in such a role for more than one other publicly held company.
- No Audit Committee member shall serve on the audit committee of more than three (3) other publicly held companies.
- The Chief Financial Officer (“CFO”), the Controller, and the Head of Internal Audit will report to the Audit Committee on such matters as the Audit Committee shall direct, including all accounting, auditing, and public disclosure matters.
- The Audit Committee shall review with the Controller and/or CFO any consolidated annual or interim financial statements for the Company, including, but not limited to, those included in any Form 10-Q and Form 10-K issued by the Company.
- The Audit Committee shall meet no less than five (5) times annually, including meetings prior to the commencement of the annual audit and prior to completion of the annual audit.
- The Audit Committee shall meet at least four (4) times annually in executive session at which management is not present.
- The Audit Committee shall review the Company’s periodic public reports to ensure proper disclosure of risks.

Disclosure Committee

- The Company has established a management level Disclosure Committee consisting of no fewer than the CEO, CFO, Controller, General Counsel, Chief Risk Officer (“CRO”).
- The Disclosure Committee shall be responsible for reviewing the Company’s periodic public reports on Forms 10-Q and 10-K, proxy statements, and earnings press releases to ensure proper disclosure in accordance with applicable law.
- The Disclosure Committee shall report to the Audit Committee through the CFO, General Counsel, or Controller.
- The Disclosure Committee shall adopt a written charter that describes the committee’s duties and responsibilities including that the Disclosure Committee shall observe typical committee formalities, including the maintenance of written minutes for every meeting.

- The Disclosure Committee shall meet at least four (4) times annually.
- Within six (6) months of final approval of the settlement or by the time of the filing of the next Annual Report or Form 10-K following such final approval, whichever is later, the Disclosure Committee shall, with the assistance of the General Counsel, review Sterling's disclosure controls and procedures and implement changes as practicable.
- The Disclosure Committee shall conduct an annual review of the effectiveness of Sterling's disclosure controls and procedures and shall implement changes to Sterling's policies and internal controls as necessary.

Risk Committee

- The Company will amend its Bylaws to reflect the establishment of the Board level Risk Committee, separate and apart from the existing Audit Committee, which consists of three (3) members, each of whom shall be an independent director.
- The Risk and Audit Committees may not have more than two (2) overlapping director(s).
- The Risk Committee shall adopt a written charter that describes the committee's duties and responsibilities, which shall be commensurate with regulatory expectations of a community bank with the corresponding size and complexity. The Risk Committee charter shall be publicly available on Sterling's website.
- The Risk Committee shall meet no fewer than four (4) times annually. At least two (2) meetings shall include executive sessions, without any members of management present.
- The Risk Committee shall be responsible for ensuring the development of and for the oversight of the Company's risk management framework.
- The Risk Committee shall be responsible for overseeing the development of appropriate risk capacity, risk appetite, and risk tolerances; ensure appropriate review and approval of the policies designed to ensure risks are properly identified, controlled, quantified, and within the Bank's risk appetite and risk tolerances, including material risks relating to Sterling's compliance with all applicable laws and regulations. To ensure that the Risk Committee is sufficiently informed to effectively fulfill these responsibilities, the Risk Committee shall receive and review quarterly reports from the CRO and other members of management as may be appropriate.
- The Risk Committee shall keep the Board apprised of its activities and shall directly advise the Board in detail of its any material findings. The Risk Committee shall make a written report to the Board summarizing its activities, conclusions, and recommendations for the past year and its agenda for the coming year.

Ethics and Compliance Committee

- The Company has established an Ethics and Compliance Committee, which has already met.
- The Ethics and Compliance Committee, with the assistance of the Nominating and Corporate Governance Committee, shall be responsible for monitoring compliance with Sterling's Code of Business Conduct and Corporate Governance Guidelines. If a violation of those guidelines is sufficiently material, the Ethics and Compliance Committee will report the violation to the full Board.
- The Ethics and Compliance Committee shall report to the full Board on an annual basis regarding the CEO's and CFO's contribution to Sterling's culture of ethics and compliance and their effectiveness and dedication to ensuring Sterling's compliance with applicable laws, rules, and regulations.
- The Ethics and Compliance Committee shall report compliance issues that may have significant financial implications to the Board.
- The Ethics and Compliance Committee shall conduct an annual review of the effectiveness of Sterling's controls over Sterling's aforesaid compliance, with the assistance of the Chief Compliance Officer ("CCO") and shall oversee changes to Sterling's policies and controls as necessary.

Chief Risk Officer

- The Company has established the role of a CRO, who shall report directly to CEO and whose responsibilities and duties include:
 - o Working with senior management to evaluate and define the goals of Sterling Bank's regulatory compliance program in light of applicable regulations to which Sterling Bank's operations are subject.
 - o Managing and overseeing Sterling Bank's regulatory compliance program, implementing procedures for monitoring and evaluating the program's performance, and communicating with and informing the Risk Committee regarding the process for meeting program goals.
 - o Overseeing and implementing all compliance testing in consultation with CCO.
 - o Advising the Risk Committee, in which capacity the CRO shall: (i) be primarily responsible for assessing organizational regulatory risk for noncompliance with applicable laws and regulations; (ii) regularly report material risks relating to regulatory compliance to the Risk Committee and promptly report any material adverse change in a previously identified risk; and (iii) make recommendations for further evaluation and/or remedial action of any material non-compliance with law or Company policy with deadlines established by the Risk Committee.

- o Preparing quarterly reports to the Risk Committee evaluating regulatory compliance, and where necessary recommending remedial action.

Chief Compliance Officer

The Company has established the role of a CCO, who currently reports to the CRO and will report to the Risk Committee and whose responsibilities and duties include:

- o Working with the CRO and other members of senior management to evaluate and define the goals of Sterling's regulatory compliance program in light of applicable regulations to which Sterling Bank's operations are subject;
- o Working with the General Counsel and the CRO to identify all legal and regulatory changes affecting the banking operations and assisting the CRO in preparing and recommending new policies and procedures and modifying or adding new training programs to help ensure Sterling Bank's compliance; and
- o Working with the CRO to implement and oversee compliance testing.

Compensation Practices

The Company continues to develop and recommend changes to its compensation practices to align with industry standards and will engage in an annual compensation review.

The Company has implemented a general clawback policy and a separate clawback policy for California-based employees, consistent with California law.

The Company has adopted, and shareholders have approved, the 2020 Omnibus Equity Incentive Plan to essentially replace the 2017 Omnibus Equity Incentive Plan. Directors will be granted a specific amount of restricted stock annually, subject to a specified vesting schedule. The Board is prohibited from granting the directors any additional stock or other awards under this plan.

Directors will be paid fixed annual retainers and will no longer be paid on a per-meeting fee basis.

Under each of the 2020 Omnibus Equity Incentive Plan and the 2017 Omnibus Equity Incentive Plan, all stock options expire no later than three (3) months after separation from the Company except in the case of death or disability.

The Company has approved a new Severance Plan, subject to receipt of applicable regulatory approval, for all employees other than those who may be covered by a plan or agreement that provides for similar types of severance payments. The Severance Plan provides severance protection based on years of service in the case of certain terminations of employment by the Company (other than for cause) in connection with a "restructuring."

- The Company has amended its 401(k) plan to increase the matching contribution and provide for immediate vesting as a “safe harbor” 401(k) plan, as well as to provide for all matching contributions in the Company’s stock.

Training in Regulatory Risk Assessment and Compliance

- The Company has created a rigorous training and compliance program, which is being implemented and supervised by the CRO and CCO.
- Training is mandatory for all directors, officers, and employees.
- In addition to the Company-sponsored training, specified employees shall complete the applicable OCC training each year.
- Training shall include function-specific coverage of applicable banking laws and regulations, standard operating procedures, and compliance, as well as standards of business conduct, insider trading policies, and any and all manuals or policies concerning legal or ethical standards of conduct to be observed in connection with work performed for the Company.
- Training shall be either in person or conducted via interactive, online training. Upon completion of training, the person receiving the training shall provide a written certification as to their receipt and understanding of the obligations that were the subject of the training. Each written certification shall be appropriately maintained for a period of not less than three (3) years.

Whistleblower Policy

- The Company will require enhancement of the existing Whistleblower Policy to notify employees, independent contractors, and vendors of the Company of the following:
 - o Retaliation against whistleblowers will not be tolerated and anyone who engages in such retaliation may be subject to civil and criminal penalties.
- The Company’s Whistleblower Policy shall contain a statement that it is illegal and against the Company’s policy to discharge, demote, suspend, threaten, intimidate, harass, or in any way discriminate against whistleblowers.
- In addition to submission of complaints to the Whistleblower Hotline, complaints may be submitted directly to the Company’s General Counsel, CRO, CCO, the Head of Internal Audit, Audit Committee, or Risk Committee at the option of the whistleblower, and all such complaints will be handled anonymously and in confidence.

- Each Employee has the right to report concerns directly to applicable regulatory agencies, including but not limited to the SEC, DOJ, and OCC, and if one were to do so, that individual will be protected by the terms of the Company's Whistleblower Policy as if the report were made directly to the Company or its permitted representatives as set forth in the preceding bullet under the Whistleblower Policy, so long as the Company is made aware of the complaint.
- A log of whistleblower complaints, as well as the results of all investigations of complaints, shall be memorialized in writing by the General Counsel and maintained for a period of not less than three (3) years.
- The Company shall post information regarding its Whistleblower Hotline on its Intranet site and will annually remind employees of the Whistleblower Policy and whistleblower protections through the Intranet.

Management Assessment of Internal Controls

- The Company's Management shall annually assess the adequacy of the Company's internal controls and shall report in the Company's Annual Report on Form 10-K any identified material weaknesses in accordance with applicable SEC requirements.