
**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 27, 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 1.01. Entry into a Material Definitive Agreement.

On September 27, 2022, Sterling Bancorp, Inc. (the “**Company**”), the thrift holding company for Sterling Bank and Trust, F.S.B. (the “**Bank**”), entered into a Consent Order (the “**Consent Order**”) with the Office of the Comptroller of the Currency (the “**OCC**”), resolving the OCC’s formal investigation relating to the Bank’s former residential loan product, marketed as the Advantage Loan Program, and related matters. Under the Consent Order, the Bank has agreed to pay a civil money penalty of \$6 million. The civil money penalty will be applied against the previously accrued liability for contingent losses reflected on the Company’s consolidated balance sheet, which amounted to \$15 million as of June 30, 2022. The Consent Order represents a full and final settlement of the OCC’s investigation with respect to the Bank.

The foregoing description of the Consent Order is a summary only and is qualified in its entirety by reference to the full text of the Consent Order, a copy of which is attached hereto as Exhibit 10.1 to this Current Report on Form 8-K.

Item 1.02. Termination of a Material Definitive Agreement.

On September 27, 2022, the OCC notified the Bank that the formal agreement between the Bank and the OCC entered on June 18, 2019 (the “**OCC Agreement**”) has been terminated. The OCC Agreement primarily related to certain aspects of the Bank’s Bank Secrecy Act/Anti-Money Laundering compliance program and the Bank’s credit administration.

A copy of the Company’s press release announcing the entry into the Consent Order and the termination of the OCC Agreement is furnished as Exhibit 99.1 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

<u>No.</u>	<u>Description</u>
10.1	Consent Order, dated September 27, 2022
99.1	Company press release dated September 27, 2022
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 27, 2022

UNITED STATES OF AMERICA
DEPARTMENT OF THE TREASURY
OFFICE OF THE COMPTROLLER OF THE CURRENCY

In the Matter of:)
)
Sterling Bank and Trust, FSB)
Southfield, Michigan)
)

AA-ENF-2022-35

CONSENT ORDER

WHEREAS, the Office of the Comptroller of the Currency (“OCC”) has supervisory authority over Sterling Bank and Trust, FSB, Southfield, Michigan (“Bank”);

WHEREAS, the OCC intends to initiate civil money penalty proceedings against the Bank pursuant to 12 U.S.C. § 1818(i), through the issuance of a Notice of Assessment of a Civil Money Penalty, for (1) the Bank’s violations of 18 U.S.C. § 1001; 12 C.F.R §§ 21.21(d)(1), 163.180(d)(3), and Part 1026; California Penal Code § 532f, and New York Penal Law Article 187.00, and (2) the Bank’s engaging in unsafe or unsound practices, including those related to real-estate lending and Bank Secrecy Act/Anti-Money Laundering (BSA/AML) internal controls;

WHEREAS, in the interest of cooperation and to avoid additional costs associated with administrative and judicial proceedings with respect to the above matter, the Bank, by and through its duly elected and acting Board of Directors (“Board”), consents to the issuance of this Consent Order (“Order”), by the OCC through the duly authorized representative of the Comptroller of the Currency (“Comptroller”); and

NOW, THEREFORE, pursuant to the authority vested in the OCC by Section 8(i) of the Federal Deposit Insurance Act, as amended, 12 U.S.C. § 1818(i), the OCC hereby orders that:

ARTICLE I

JURISDICTION

(1) The Bank is an “insured depository institution” as that term is defined in 12 U.S.C. § 1813(c)(2).

(2) The Bank is a Federal savings association within the meaning of 12 U.S.C. § 1813(q)(1)(C), and is chartered and examined by the OCC. *See* 12 U.S.C. §§ 1461 *et seq.*, 5412(b)(2)(B).

(3) The OCC is the “appropriate Federal banking agency” as that term is defined in 12 U.S.C. § 1813(q) and is therefore authorized to initiate and maintain this civil money penalty action against the Bank pursuant to 12 U.S.C. § 1818(i).

ARTICLE II

COMPTROLLER’S FINDINGS

The Comptroller finds, and the Bank neither admits nor denies, the following:

(1) Between approximately mid-2011 and December 2019 (“the relevant period”), the Bank offered the Advantage Loan Program (“ALP”), a low-document mortgage loan program, which was the Bank’s primary loan product during this period. The Bank originated numerous ALP loans that had false or fraudulent loan applications. These loan applications contained falsified applicant income and employment information and debt-to-income ratios and relied on falsified supporting documents, such as verification of employment documents, letters of explanation, and gift letters. In addition, loan documents failed to disclose the use of third-party mortgage brokers. Despite deficiencies within the ALP, the Bank did not take appropriate corrective action and continued to grow the ALP.

(2) During the relevant period, the Bank falsified applicants' employment and income information as well as other supporting loan documents, in violation of California Penal Code § 532f and New York Penal Law Article 187.

(3) During the relevant period, the Bank failed to make a reasonable and good faith determination of applicants' ability to repay and to ensure that documents used to verify applicants' employment, income, and assets were obtained from third parties, were reasonably reliable, and that there were proper quality control mechanisms to ensure the accuracy and reliability of the Bank's loan documents, in violation of 12 C.F.R. § 1026.43(c).

(4) During the relevant period, the Bank failed to properly disclose the involvement of, or fees paid to, third-party mortgage brokers on loan estimates and closing disclosures, in violation of 12 C.F.R. §§ 1026.19, 1026.37, and 1026.38.

(5) During the relevant period, the Bank failed to implement an adequate system of BSA/AML internal controls and failed to file Suspicious Activity Reports in a timely manner, in violation of 12 C.F.R. §§ 21.21(d)(1) and 163.180(d).

(6) During the relevant period, the Bank made false representations about the ALP loans to and concealed material information regarding the ALP loans from the Federal Home Loan Bank of Indianapolis, in violation of 18 U.S.C. § 1001.

(7) By reason of the foregoing conduct, the Bank recklessly engaged in unsafe or unsound practices. The Bank's acts and/or omissions were part of a pattern of misconduct, resulted in financial gain to the Bank, or were likely to cause more than minimal loss to the Bank.

(8) The Bank undertook an investigation to identify misconduct and corrective action to remedy the violations and unsafe or unsound practices identified by the OCC in this Article.

ARTICLE III

ORDER FOR A CIVIL MONEY PENALTY

(1) The Bank shall make payment of a civil money penalty in the total amount of six million dollars (\$6,000,000), which shall be paid upon the execution of this Order.

(2) Such payment shall be made by a wire transfer sent in accordance with instructions provided by the OCC and the docket number of this case (AA-ENF-2022-35) shall be entered on the wire confirmation. A photocopy of the wire confirmation shall be sent immediately, by email or overnight delivery, to the Director of Enforcement, Office of the Comptroller of the Currency, 400 7th Street, S.W., Washington, D.C. 20219.

ARTICLE IV

WAIVERS

- (1) The Bank, by executing and consenting to this Order, waives:
- (a) any and all rights to the issuance of a Notice of Charges pursuant to 12 U.S.C. § 1818;
 - (b) any and all procedural rights available in connection with the issuance of this Order;
 - (c) any and all rights to a hearing and a final agency decision pursuant to 12 U.S.C. § 1818 and 12 C.F.R. Part 109;
 - (d) any and all rights to seek any type of administrative or judicial review of this Order;
 - (e) any and all claims for fees, costs, or expenses against the OCC, or any of its officers, employees, or agents related in any way to this enforcement matter or this Order, whether arising under common law or under the terms of any statute, including, but not limited to, the Equal Access to Justice Act, 5 U.S.C. § 504 and 28 U.S.C. § 2412;

- (f) any and all rights to assert these proceedings, the consent to and/or the issuance of this Order, as the basis for a claim of double jeopardy in any pending or future proceedings brought by the United States Department of Justice or any other governmental entity; and
- (g) any and all rights to challenge or contest the validity of this Order.

ARTICLE V

CLOSING

(1) This Order is a settlement of the civil money penalty proceedings against the Bank contemplated by the OCC, based on the unsafe or unsound practices and violations of law described in the Comptroller's Findings set forth in Article II of this Order. The OCC releases and discharges the Bank from all potential liability for a civil money penalty order that has been or might have been asserted by the OCC based on the practices and violations described in Article II of this Order, to the extent known to the OCC as of the effective date of this Order. Nothing in this Order, however, shall prevent the OCC from:

- (a) instituting enforcement actions other than a civil money penalty order against the Bank based on the Comptroller's Findings set forth in Article II of this Order;
- (b) instituting enforcement actions against the Bank based on any other findings;

- (c) instituting enforcement actions against institution-affiliated parties (as defined by 12 U.S.C. § 1813(u)) based on the Comptroller's Findings set forth in Article II of this Order, or any other findings; or
- (d) utilizing the Comptroller's Findings set forth in Article II of this Order in future enforcement actions against the Bank or its institution-affiliated parties to establish a pattern or the continuation of a pattern.

(2) Nothing in this Order is a release, discharge, compromise, settlement, dismissal, or resolution of any actions, or in any way affects any actions that may be or have been brought by any other representative of the United States or an agency thereof, including, without limitation, the United States Department of Justice.

(3) This Order is:

- (a) an "order issued with the consent of the depository institution" within the meaning of 12 U.S.C. § 1818(h)(2);
- (b) an "effective and outstanding . . . order" within the meaning of 12 U.S.C. § 1818(i)(1); and
- (c) a "final order" within the meaning of 12 U.S.C. § 1818(i)(2) and (u).

(4) This Order is effective upon its issuance by the OCC, through the Comptroller's duly authorized representative.

(5) This Order is not a contract binding on the United States, the United States Treasury Department, the OCC, or any officer, employee, or agent of the OCC and neither the Bank nor the OCC intends this Order to be a contract.

(6) No separate promise or inducement of any kind has been made by the OCC, or by its officers, employees, or agents, to cause or induce the Bank to consent to the issuance of this Order.

(7) The terms of this Order, including this paragraph, are not subject to amendment or modification by any extraneous expression, prior agreements, or prior arrangements between the parties, whether oral or written.

IN TESTIMONY WHEREOF, the undersigned, authorized by the Comptroller as his duly authorized representative, has hereunto set his signature on behalf of the Comptroller.

/s/ Brian L. James

Brian L. James
Deputy Comptroller
Central District

IN TESTIMONY WHEREOF, the undersigned, as the duly elected and acting Board of Directors of Sterling Bank and Trust, FSB have hereunto set their signatures on behalf of the Bank.

/s/ Peggy Daitch
Peggy Daitch

September 27, 2022
Date

/s/ Tracey Dedrick
Tracey Dedrick

September 27, 2022
Date

/s/ Michael Donahue
Michael Donahue

September 27, 2022
Date

/s/ Steven E. Gallotta
Steven E. Gallotta

September 27, 2022
Date

/s/ Denny Kim
Denny Kim

September 27, 2022
Date

/s/ Thomas M. O'Brien
Thomas M. O'Brien

September 27, 2022
Date

/s/ Eboh Okorie
Eboh Okorie

September 27, 2022
Date

/s/ Benjamin Wineman
Benjamin Wineman

September 27, 2022
Date

/s/ Lyle Wolberg
Lyle Wolberg

September 27, 2022
Date



**Sterling Bank & Trust Settles OCC Investigation into Advantage Loan Program;
OCC Terminates June 2019 Formal Agreement**

September 27, 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 that the Bank has entered into a Consent Order with the Office of the Comptroller of the Currency (the "OCC"), dated September 27, 2022 (the "Consent Order"), resolving the OCC's formal investigation relating to the Bank's former residential loan product, marketed as the Advantage Loan Program, and related matters. Under the Consent Order, the Bank has agreed to pay a civil money penalty of \$6 million. The civil money penalty will be applied against the previously accrued liability for contingent losses reflected on the Company's consolidated balance sheet, which amounted to \$15 million as of June 30, 2022. The Consent Order represents a full and final settlement of the OCC's investigation with respect to the Bank.

Concurrent with the Consent Order, the OCC notified the Bank that the formal agreement between the Bank and the OCC entered on June 18, 2019 (the "OCC Agreement") has been terminated. The OCC Agreement primarily related to certain aspects of the Bank's Bank Secrecy Act/Anti-Money Laundering compliance program and the Bank's credit administration.

The Company and the Bank continue to remain under investigation by the Department of Justice and the Securities and Exchange Commission related to the Advantage Loan Program and the related disclosures of that program in the Company's federal securities law filings. There can be no assurance that (i) the Company will not incur material losses due to damages, penalties, costs and/or expenses as a result of such investigations; (ii) the remaining accrual for contingent losses will be sufficient to cover such losses; or (iii) such losses will not materially exceed such accrual and have a material impact on the Company's business, financial condition or results of operations.

"Today's announcement from the OCC represents a painful resolution of the long running regulatory fallout from the ill-fated Advantage Loan Program. The level of cooperation that we have provided and the comprehensive internal investigation have been critical to our building a reputation with our regulators that had been absent previously. In my tenure as CEO, the board of directors, management and staff have placed this extensive cooperation along with the remediation of all of the critical findings in the OCC Agreement and elsewhere as our primary focus. Our commitment and the ultimate success are evidenced by the termination of the OCC Agreement. As regulatory enforcement orders go, our remediation was all accomplished in very quick order especially given the severity of the findings and rebuilding required. I feel it is recognition of the extraordinary efforts by the entire Sterling team. The \$6 million civil money penalty, while significant, is a clear reflection of our extraordinary cooperation and remediation efforts and represents another significant milestone in putting these legacy issues behind us.

Notwithstanding these achievements and as noted above, we remain engaged with the DOJ on the criminal aspects arising from the Advantage Loan Program. At this point in time, we have no visibility into the potential terms or timing of any settlement with the DOJ. We will continue to provide full cooperation and hope resolution with Sterling will be forthcoming.

Both the Bank and the Company remain eager to put this entire episode behind them as expeditiously as possible. It is, however, possible that the issues surrounding multiple individuals regarding their involvement with the fraud will continue well into the future," 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:

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Karen Knott

Executive Vice President and Chief Financial Officer

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