

## MAINE BUREAU OF FINANCIAL INSTITUTIONS

### ORDER APPROVING APPLICATION OF PRIM CAPITAL CORPORATION, CLEVELAND, OHIO TO ESTABLISH A NONDEPOSITORY TRUST COMPANY TO BE KNOWN AS NEW YORK TRUST COMPANY

Prim Capital Corporation, Cleveland, Ohio ("Prim") filed an application to establish a nondepository trust company, pursuant to 9-B M.R.S.A. Chapter 121, to be known as The New York Trust Company ("NY Trust"). NY Trust's office will be located at 200 Public Square, Suite 2500, Cleveland, Ohio but it will have a registered office in Portland, Maine.

The application was accepted for processing on January 4, 2007. Public notice, as required by Title 9-B M.R.S.A. 252.2(B) and 312.3, was provided by publication, posting on the Bureau's website and e-mail to interested parties affording them an opportunity to submit written comments or request a hearing. The Bureau received no comments during the public comment period ending February 12, 2007. Processing of the application was suspended, at the applicant's request, on April 10, 2007 for up to thirty days, or until no later than May 10, 2007.

A Principal Bank Examiner of the Maine Bureau of Financial Institutions conducted an investigation of this transaction. All evidence and pertinent material which were considered by the Examiner were also considered by the Superintendent in reaching his decision.

Prim is an Ohio corporation that provides investment advice, consulting and financial planning services to individuals, trusts and institutions. Prim, founded in 1997 by Joseph A. Lombardo, is the holding company for Prim Securities, Inc., a licensed broker-dealer; Prim Advisors, Inc., a registered investment advisor; and Prim Agency, a licensed independent insurance agency. Prim will be a 20% owner of NY Trust, with the remaining 80% owned equally by Christian Laettner, Aaron McKie, Scottie Pippin and Terry Porter, well-known current or former National Basketball Association players. These four individuals, along with Mr. Lombardo, will constitute the initial board of directors. As detailed in Appendix A, the Bureau is requiring at least two additional directors before NY Trust may commence operations.

NY Trust will focus on providing money management services to high net worth individuals, initially targeting professional athletes and entertainers. It will then expand its sales and marketing efforts to include high net worth individuals and smaller financial institutions that do not offer trust services. NY Trust will hire third-party money managers to invest client funds. NY Trust will emphasize highly personalized services and technology, with the latter used for educating potential clients, to increase operational efficiencies and to complement sales

representatives in marketing. Messrs. Laettner, McKie, Phippen and Porter will participate in marketing activities, particularly in investing seminars and group functions; their participation is expected to accelerate sales.

Prim has demonstrated sound financial performance with experienced management and has competed successfully in the high net worth trust business. The Bureau considered the competitive effects, the future prospects and the convenience and needs of the markets to be served and found them consistent with approval. Accordingly, the application to establish a nondepository trust company with the name "The New York Trust Company" is approved, subject to the conditions listed on Appendix A.

The transaction shall be completed within one year of the effective date of this Order, unless a written extension is granted by the Superintendent. Any person aggrieved by this Order shall be entitled to a judicial review of the Order in accordance with the Maine Administrative Procedure Act, Title 5, Chapter 375, subchapter VII.

By order of the Superintendent, effective June 3, 2007.

/s/ Lloyd P. LaFountain III  
Superintendent  
Gardiner, Maine  
May 4, 2007

## APPENDIX A

### CONDITIONS

1. Christian Laettner, Joseph A. Lombardo, Aaron McKie, Scottie Pippin and Terry Porter are approved as directors. However, before NY Trust may commence operations, it must add at least two additional directors, at least one of whom is not a director, officer or employee of Prim or any of its affiliates, who have recent experience in an executive capacity in the trust/fiduciary/investment advisor business. Any change in the directors, including the two additional required directors, during the first three years of operation requires the prior written approval of the Bureau.
2. Joseph A. Lombardo is approved as the chief executive officer. The remainder of the senior management team, including the senior trust officer, is subject to the prior written approval of the Bureau. Any change in the senior managers during the first three years of operation requires the prior written approval of the Bureau.
3. The initial equity capital of NY Trust shall be at least \$2,000,000, which shall be paid-in in cash.

4. On an on-going basis, Tier 1 capital (as defined in Bureau Regulation 27) shall not be less than the greater of (a) \$1,800,000 or (b) the sum of (1) 10 basis points (0.10%) of discretionary assets and (2) 5 basis points (0.05%) of nondiscretionary assets, including assets held in custody, unless a different amount is established by the Superintendent pursuant to 9-B M.R.S.A. §412-A (2). As such, the Superintendent reserves the right to change the above formula for determining ongoing capital adequacy.
5. If NY Trust fails to maintain Tier 1 capital in the minimum amount specified above in Condition #4, NY Trust shall be deemed to have inadequate capital and the Bureau shall have the authority to take any action authorized by Regulation 27.
6. Prior to the issuance of Certificate to Transact Business and pursuant to 9-B M.R.S.A. §1213-A, NY Trust shall pledge readily marketable assets having a fair value of at least \$500,000 to the Bureau.
7. At all times, NY Trust shall maintain liquid assets at least equal to 75% of the minimum Tier 1 required in Condition #4 above.
8. All transactions between NY Trust and Prim Capital Corporation, including any subsidiaries and affiliates of Prim Capital Corporation, shall be conducted subject to the provisions of 9-B M.R.S.A. §468. Prior to commencing operations, NY Trust shall enter into written agreements, acceptable to the Bureau, governing all relationships, including shared management, employees, space and equipment, with Prim Capital Corporation (and its subsidiaries and affiliates) and any other affiliate. The Board of Directors of NY Trust shall annually review and approve any service agreements and any other transactions with affiliates, including any cost allocation or fee-sharing provisions in such agreements or other transactions.
9. NY Trust shall maintain all financial statements required to be filed with the Bureau in accordance with generally accepted accounting principles. NY Trust shall maintain all of its statements and records separate and segregated from those of Prim Capital Corporation (and its subsidiaries and affiliates) and any other affiliate.
10. NY Trust shall submit monthly financial statements, board of director minutes and other requested reports to the Bureau for the first two years of operation.
11. NY Trust shall not declare or pay any dividends without the prior written approval of the Bureau for the first three years of operation.
12. During the first three years of operations, NY Trust shall not implement any material change or deviation from the operating plan without the prior written approval of the Bureau.
13. During the first three years of operations, NY Trust may not open any offices without the prior written approval of the Bureau.

14. All technology-related vendor contracts must stipulate that the performance of services provided by the vendors to NY Trust is subject to the Bureau's examination and regulatory authority.
15. Prior to the issuance of a Certificate to Transact Business, NY Trust shall submit its written Anti-Money Laundering Program and Customer Identification Program to the Bureau.
16. The Superintendent must approve the organizational documents (i.e., Articles of Organization and Bylaws).
17. NY Trust must submit evidence that it has obtained adequate fidelity bond coverage, including an Errors and Omission rider; the coverage must be in an amount (including the amount of the deductible) and for such coverage that shall be satisfactory to the Superintendent.
18. NY Trust will comply with all applicable laws, including the Maine Banking Code (Title 9-B M.R.S.A.), regulations and policies of the Bureau.
19. On the business day prior to the issuance of a Certificate to Transact Business, the Chief Executive Officer of Prim Capital Corporation and NY Trust must certify in writing to the Bureau that no material adverse changes have occurred with respect to the financial condition or operation of Prim Capital Corporation and NY Trust, respectively, as disclosed in the application.