

UNITED STATES DISTRICT COURT  
EASTERN DISTRICT OF MICHIGAN

UNITED STATES OF AMERICA

v.

STERLING BANCORP, INC.

No. 2:23-cr-20174-LVP-DRG

**NOTICE OF RESTITUTION**

**IF YOU PURCHASED STERLING BANCORP, INC. COMMON STOCK DURING THE PERIOD BEGINNING NOVEMBER 17, 2017, THROUGH MARCH 17, 2020, YOU COULD GET A RESTITUTION PAYMENT.**

**PLEASE BE ADVISED THIS NOTICE IS SPECIFICALLY FOR STERLING BANCORP, INC. COMMON STOCK (TICKER: SBT) (CUSIP: 85917W102)**

**TO: Persons who purchased or otherwise acquired Sterling Bancorp, Inc. common stock from November 17, 2017, through March 17, 2020, including any purchases during the company's initial public offering which commenced on November 17, 2017.**

On April 19, 2023, Sterling Bancorp, Inc. ("Sterling") pleaded guilty in *United States of America v. Sterling Bancorp, Inc.*, to one count of securities fraud for filing false securities statements related to its 2017 initial public offering ("IPO") and its 2018 and 2019 annual filings (the "Criminal Case"). Sterling will be on probation for 36 months and agreed to pay restitution in the amount of \$27,239,000 to non-insider victim-shareholders. Sterling also agreed to follow the law, pay the mandatory special assessment of \$400, cooperate with and report to the United States Department of Justice, Criminal Division, Fraud Section ("DOJ"), implement an ongoing compliance and ethics program, and separately pay Restitution Fund administration costs.

You may have seen a previous notice about the class action settlement with Sterling in a separate case, *Oklahoma Police Pension and Retirement System v. Sterling Bancorp, Inc.*, 5:20-cv-10490-JEL-EAS (E.D. Mich. 2021). If you filed a valid claim and/or received a payment in the class action settlement, you will automatically be eligible to receive a restitution payment in connection with the Criminal Case. You **do not** need to file another claim or provide your trading histories again.

You should submit a claim for a restitution payment only if you did not previously submit a claim in the class action settlement, or if you want to revise or provide additional information about your previous claim. The deadline to file a claim is May 28th, 2024 ("Claims Bar Date").

## **I. Why was this notice issued?**

This notice is to inform you that Sterling pleaded guilty to one count of securities fraud, and that you may be eligible for a payment from the Restitution Fund.

The Court in charge of the case is the United States District Court for the Eastern District of Michigan, and the case is known as *United States of America v. Sterling Bancorp, Inc.*, No. 5:23-CR-20174-LVP-DRG. Judge Linda V. Parker is overseeing this case.

Copies of important documents, including the Plea Agreement, Judgment, Restitution Order, Plan of Allocation, this Notice, and the Claim Form, are available at [www.SterlingBancorpRestitutionFund.com](http://www.SterlingBancorpRestitutionFund.com) and the DOJ website at <https://www.justice.gov/criminal/criminal-vns/case/united-states-v-sterling-bancorp-inc>.

## **II. What is the case background?**

The DOJ found, and Sterling admitted, that Sterling committed securities fraud for filing false securities statements related to its 2017 initial public offering (“IPO”) and its 2018 and 2019 annual filings. According to the agreed-upon Statement of Facts, Sterling knew it regularly originated residential mortgage loans through its Advantage Loan Program (“ALP”) based on false information and inadequate due diligence, but it made false statements and misled investors when it made its IPO and afterwards in other public securities filings to inflate the bank’s value. Sterling employees and senior management were aware of and allowed the fraud. Sterling’s actions caused investors to lose over \$69 million once the fraud was discovered.

Sterling then terminated employees and senior management involved in the ALP fraud, changed the bank’s residential lending department and internal controls, added risk controls and a compliance program, ended the ALP, hired new leadership, ensured its Board of Directors were all independent (besides the Chief Executive Officer and President), and developed a new business model to reduce risk.

On April 19, 2023, Sterling pleaded guilty to one count of securities fraud (violating the federal laws 15 U.S.C. §§ 78j(b) and 78ff(a) and 17 C.F.R. § 240.10b-5).

As part of the Rule 11 Plea Agreement, Sterling will be on probation for 36 months and agreed to pay restitution in the amount of \$27,239,000 to non-insider victim-shareholders. Sterling also agreed to follow the law, pay the mandatory special assessment of \$400, cooperate with and report to the DOJ, implement an ongoing compliance and ethics program, and separately pay Restitution Fund administration costs.

Sterling paid the restitution amount to the Clerk of Court on August 15, 2023. The Court approved the restitution order on July 21, 2023, and appointed the Special Master (who will administer and distribute the restitution money) on October 20, 2023.

You may have seen a previous notice about or filed a previous claim in a class action lawsuit with Sterling. In 2020, Plaintiffs filed a class action lawsuit against Sterling Bancorp on behalf of the non-insider victim-shareholders class called *Oklahoma Police Pension and Retirement System v. Sterling Bancorp*, 5:20-cv-10490-JEL-EAS (E.D. Mich. 2021). This case was separate from the Criminal Case. The Court in that case approved a \$12.5 million settlement with Sterling on September 23, 2021.

**III. Am I eligible to get a restitution payment in connection with the Criminal Case?**

You are eligible to get a restitution payment if you purchased or otherwise acquired Sterling Bancorp, Inc. common stock from November 17, 2017, through March 17, 2020, including any purchases during the company's initial public offering which commenced on November 17, 2017.

If you filed a valid claim and/or received a payment in the class action settlement, you will automatically be eligible to receive a restitution payment. You do not need to file another claim or provide your trade information again.

**IV. Who is not able to get a restitution payment in connection with the Criminal Case?**

You are not able to get a restitution payment if you:

- a. Are Sterling;
- b. Served as an officer and/or director of Sterling at any time from November 17, 2017, through March 17, 2020;
- c. You are an entity in which Sterling has or had a controlling interest or which is related to or affiliated with Sterling, including trusts associated with members of the founding family and the selling shareholders; and
- d. You are a member of the immediate family or a legal representative, heir, successor, or assign of any of the foregoing.

**V. How can I get a restitution payment in connection with the Criminal Case?**

If you already filed a claim and/or received a payment in the earlier class action settlement, you will be automatically eligible to receive a restitution payment in connection with the Criminal Case and **do not** need to submit another claim.

If you did not previously file a claim in the earlier class action settlement, you must complete and submit a timely Claim Form by the Claims Bar Date, May 28<sup>th</sup>, 2024, to be eligible to receive a payment from the Restitution Fund in connection with the Criminal Case. You must submit your Claim Form online at [www.SterlingBancorpRestitutionFund.com](http://www.SterlingBancorpRestitutionFund.com). Unless the Court orders otherwise, if you did not submit a claim in the class action settlement and do not timely submit a Claim Form now, you will be barred from receiving any restitution payment.

If you previously filed a claim in the earlier class action settlement and wish to revise or supplement your claim to receive restitution payment in connection with the Criminal Case, you must complete and submit a new Claim Form online at [www.SterlingBancorpRestitutionFund.com](http://www.SterlingBancorpRestitutionFund.com) by May 28<sup>th</sup>, 2024. Documentation must include information about each transaction, including how many shares of Sterling common stock you bought and when you bought and sold them. Please submit legible copies. All revisions will be reviewed by individuals administering the Restitution Fund and ultimately the Court.

**VI. If I filed a claim or received a payment in the class action settlement, do I need to file another claim to get a restitution payment in connection with the Criminal Case?**

No. You do not need to file a new claim if you filed a valid claim and/or received a payment in the class action settlement. You will automatically be eligible to receive a restitution payment in connection with the Criminal Case.

**VII. Do I need to file a new claim to get a restitution payment in connection with the Criminal Case if I want to update or supplement my previous claim?**

Yes. To update or supplement your previous claim, you must complete and submit a new Claim Form online at [www.SterlingBancorpRestitutionFund.com](http://www.SterlingBancorpRestitutionFund.com) by the Claims Bar Date, May 28<sup>th</sup>, 2024. Documentation must include how many shares of Sterling common stock you bought and when you bought and sold them. Please submit legible copies. All revised purchase amounts will be reviewed by the Special Master and ultimately the Court.

**VIII. How much will my restitution payment be?**

Your restitution payment in connection with the Criminal Case will depend on the number of valid and timely claims and how many shares of Sterling common stock you bought and when you bought and sold them. Visit [www.SterlingBancorpRestitutionFund.com](http://www.SterlingBancorpRestitutionFund.com) to review the Plan of Allocation. The Plan of Allocation describes how restitution payments will be calculated and distributed to claimants.

**IX. What happens if there are any funds remaining?**

If there are any funds remaining after all claims are processed, those funds will be paid to the United States and given to the Crime Victims Fund. No remaining funds will be returned to Sterling.

**I. How can I get more information?**

This Notice is only a summary. More details and important documents, such as the Plea Agreement, Judgment, Restitution Order, Plan of Allocation, are available at [www.SterlingBancorpRestitutionFund.com](http://www.SterlingBancorpRestitutionFund.com). You may also visit the DOJ website at <https://www.justice.gov/criminal/criminal-vns/case/united-states-v-sterling-bancorp-inc>. You can also call 877-495-0967 (toll-free) or email [info@SterlingBancorpRestitutionFund.com](mailto:info@SterlingBancorpRestitutionFund.com) to get answers to common questions and updates. Please check the website [www.SterlingBancorpRestitutionFund.com](http://www.SterlingBancorpRestitutionFund.com) frequently for updates.

**SPECIAL NOTICE TO SECURITIES BROKERS AND NOMINEES**

In the previous notice about the class action settlement with Sterling Bancorp, Inc. in *Oklahoma Police Pension and Retirement System v. Sterling Bancorp, Inc.*, 5:20-cv-10490-JEL-EAS (E.D. Mich. 2021), you were advised that if, for the beneficial interest of any person or entity other than yourself, you purchased Sterling common stock (Ticker: SBT) (CUSIP: 85917W102) from November 17, 2017, through March 17, 2020, you must have either: (i) within ten (10) days of receipt of the class action settlement notice, provided a list of the names and addresses of all such beneficial owners to A.B. Data; or (ii) within ten (10) days of receipt of the class action settlement notice, requested sufficient copies of the class action settlement notice from A.B. Data to forward to all such beneficial owners, and forwarded them to all such beneficial owners. You were also advised to retain your mailing records for use in connection with any further notices related to that lawsuit.

For Nominees who previously chose the first option (*i.e.*, provided a list of names and addresses of beneficial holders to A.B. Data), A.B. Data will promptly mail a copy of the Restitution Notice to each of the beneficial owners whose names and addresses the Nominee previously supplied. ***Unless the Nominee has identified additional beneficial owners whose names and addresses were not previously provided to A.B. Data, such Nominees need not take any further action.***

For Nominees who previously chose the second option (*i.e.*, elected to mail the class action settlement notice directly to beneficial owners), A.B. Data will forward the same number of Restitution Notices to such Nominees, and the Nominees shall, within **seven (7) calendar days** of receipt of the Restitution Notice, mail them to the beneficial owners. ***Unless the Nominee has identified additional beneficial owners whose names and addresses were not previously provided to the Claims Administrator, such Nominees need not take any further action.***

**For Nominees that have identified additional beneficial owners who were not previously identified** in connection with the class action settlement notice, such Nominees shall either: (i) within **seven (7) calendar days** of receipt of the Restitution Notice, request from the Claims Administrator sufficient copies of the Restitution Notice to forward to all such ***additional*** beneficial owners, which the Nominee shall, within **seven (7) calendar days** of receipt of those Restitution Notices from the Claims Administrator, mail to the beneficial owners; or (ii) within **seven (7) calendar days** of receipt of the Restitution Notice, provide a list of the names and addresses of all such additional beneficial owners to the Claims Administrator.

Nominees who elect to send the Restitution Notice to their beneficial owners shall also send a statement to the Claims Administrator confirming that the mailing was made and shall retain their mailing records for use in connection with any further notices that may be provided.