

CARVER BANCORP INC
Form 8-K
September 02, 2010

**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): August 27, 2010

CARVER BANCORP, INC.

(Exact name of registrant as specified in its charter)

Delaware

1-13007

13-3904174

(State or other jurisdiction
of incorporation)

(Commission File Number)

(IRS Employer Identification No.)

**75 West 125th Street,
New York, NY**

10027-4512

(Address of principal executive offices)

(Zip Code)

Registrant's telephone number, including area code: **(212) 360-8820**

(Former name or former address, if changed since last report.)

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))
-

Item 1.01 Entry into a Material Definitive Agreement

On August 27, 2010, Carver Bancorp, Inc. (the Company), the holding company for Carver Federal Savings Bank (the Bank), entered into a Letter Agreement as part of the U.S. Department of the Treasury (the Treasury) Troubled Asset Relief Program (TARP) Capital Purchase Program (CPP) and an Exchange Agreement Standard Terms (Exchange Agreement) with the Treasury, pursuant to which the Company exchanged \$18.98 million of its Series A preferred stock previously issued to the Treasury on January 16, 2009 for an equivalent amount of Series B preferred stock under the Community Development Capital Initiative (CDCI). The Treasury now owns 18,980 shares (the Preferred Shares) of the Company's Fixed Rate Cumulative Perpetual Preferred Stock, Series B, having a liquidation preference of \$1,000 per share. Because the Bank is a certified Community Development Financial Institution which conducts most of its activities in disadvantaged communities, the Company was exempt from the CPP's requirement to issue warrants to the Treasury to purchase shares of its common stock. Therefore, Treasury's investment in the Company will not dilute current shareholders. The description of the Exchange Agreement contained or incorporated herein is a summary and is qualified in its entirety by reference to the full text of the Exchange Agreement attached as Exhibit 10.1 hereto, which is incorporated herein by reference.

The transaction closed on August 27, 2010 (the Closing Date). The exchange of the Preferred Shares was a private placement exempt from registration pursuant to Section 4(2) of the Securities Act of 1933. Under the terms of the Exchange Agreement, the Company has agreed to register the Preferred Shares if requested by the Treasury. In addition, the Preferred Shares may be required to be listed on a national exchange if requested by the Treasury. The Preferred Shares will pay cumulative dividends at a rate of 2% per annum for the first eight years and 5% per annum thereafter. The Preferred Shares have no maturity date, and rank senior to common stock with respect to dividends and upon liquidation, dissolution, or winding up. The description of the Preferred Shares contained herein is a summary and is qualified in its entirety by reference to the full text of the Certificate of Designations, which is attached as Exhibit 3.1 hereto and is incorporated herein by reference.

The Exchange Agreement, pursuant to which the Preferred Shares were exchanged, contains limitations on the payment of dividends on the common stock (including with respect to the payment of cash dividends in excess of \$0.10 per share, which was the amount of the last regular dividend declared by the Company prior to October 14, 2008) and on the Company's ability to repurchase its common stock, and continues to subject the Company to certain of the executive compensation limitations included in the Emergency Economic Stabilization Act of 2008 (EESA). As a condition to the closing of the transaction, each of the Company's Senior Executive Officers (as defined in the Securities Purchase Agreement) (the Senior Executive Officers) affirmed previously executed waivers (the Waiver) which voluntarily waived any claim against the Treasury or the Company for any changes to such Senior Executive Officer's compensation or benefits that required to comply with the regulation issued by the Treasury under the TARP Capital Purchase Program and acknowledging that the regulation may require modification of the compensation, bonus, incentive and other benefit plans, arrangements and policies and agreements (including so-called golden parachute agreements) (collectively, Benefit Plans) as they relate to the period the Treasury holds any equity or debt securities of the Company acquired through the TARP Capital Purchase Program. The Company previously effected changes to its Benefits Plans necessary to comply with the executive compensation provisions of the EESA.

Item 3.02. Unregistered sales of equity securities

The information set forth under Item 1.01 Entry into a Material Definitive Agreement is incorporated herein by reference thereto.

Item 3.03. Material modification to rights of security holders

Prior to January 16, 2012, unless the Company has redeemed the Preferred Shares or the Treasury has transferred the Preferred Shares to a third party, the consent of the Treasury will be required for the Company to (1) declare or pay any dividend or make any distribution on its common stock (other than regular quarterly cash dividends of not more than \$0.10 per share) or (2) redeem, purchase or acquire any shares of its common stock or other equity or capital securities, other than in connection with benefit plans consistent with past practice and certain other circumstances specified in the Exchange Agreement.

In addition, under the Certificate of Designations, the Company's ability to declare or pay dividends or repurchase its common stock or other equity or capital securities will be subject to restrictions in the event that it fails to declare and pay (or set aside for payment) full dividends on the Preferred Shares.

Item 5.02. Departure of directors or certain officers; election of directors; appointment of certain officers; compensatory arrangements of certain officers.

The information concerning executive compensation set forth under Item 1.01 Entry into a Material Definitive Agreement is incorporated herein by reference thereto.

Item 5.03. Amendment to articles of incorporation or bylaws; change in fiscal year.

On August 24, 2010, the Company filed with the Secretary of State of Delaware, a Certificate of Designations establishing the terms of the Fixed Rate Cumulative Perpetual Preferred Stock, Series B. A copy of this Certificate of Designations is included as Exhibit 3.1 to this 8-K and is incorporated by reference into this item 5.03.

Item 7.01 Regulation FD Disclosure

On August 30, 2010, the Company issued a press release announcing the exchange of its preferred stock with the Treasury under the CDCI. A copy of this press release is furnished as Exhibit 99.1 to the Current Report on Form 8-K. The information in this press release shall not be deemed filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, nor shall it be deemed incorporated by reference in any filing under the Securities Exchange Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, except as shall be expressly set forth by specific reference.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits

- 3.1 Certificate of Designations for the Fixed Rate Cumulative Perpetual Preferred Stock, Series B.
 - 10.1 Letter Agreement dated August 27, 2010 between Carver Bancorp, Inc. and the United States Department of the Treasury, including the Exchange Agreement Standard Terms, with respect to the exchange of the Series A Fixed Rate Cumulative Perpetual Preferred Stock for the Series B Fixed Rate Cumulative Perpetual Preferred Stock.
 - 99.1 Press release dated August 30, 2010.
-

SIGNATURE

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

CARVER BANCORP, INC.

DATE: September 1, 2010

By: /s/ Mark A. Ricca
Mark A. Ricca
Executive Vice President and Chief Risk
Officer
and General Counsel