CARVER BANCORP INC
Form POS AM
July 08, 2013
Table of Contents

As filed with the Securities and Exchange Commission on July 8, 2013

Registration No. 333-177054

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Post-Effective Amendment No. 2

to

Form S-1

REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933

CARVER BANCORP, INC.

(Exact name of registrant as specified in its charter)

Delaware	**6712**	**13-3904174**
(State or other jurisdiction of incorporation or organization)	*(Primary Standard Industrial Classification Code Number)*	*(I.R.S. Employer Identification No.)*

75 West 125th Street, New York, New York 10027-4512

(718) 230-2900

(Address, including zip code, telephone number,

including area code, of registrant s principal executive offices)

Copies of all correspondence to:

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Approximate date of commencement of proposed sale to the public: From time to time after this Registration Statement becomes effective.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, other than securities offered only in connection with dividend or interest reinvestment plans, check the following box. x

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer o	Accelerated filer o	Non-accelerated filer o (Do not check if a smaller reporting company)	Smaller reporting company x

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CALCULATION OF REGISTRATION FEE

Title of each class of securities to be registered	Amount to be registered	Proposed maximum offering price per security	Proposed maximum aggregate offering price	Amount of registration fee
Series D Preferred Stock, $0.01 par value per share	45,118 shares	$1,000.00(3)	$45,118,000	$6,154
Common Stock, $0.01 par value per share	9,047,331 shares(1)(2)	$5.44(4)	49,217,481	6,713
Total			$94,335,481	$12,867

(1) Represents (i) 3,529,325 shares of common stock currently outstanding and (ii) 5,518,006 shares of common stock that may be issued to the holders of the Registrant s Series D Preferred Stock upon the occurrence of certain transfers that cause the conversion of the Series D Preferred Stock. The Series D Preferred Stock will convert automatically upon the occurrence of certain transfers, including some sales by the selling stockholders. Shares of common stock issued to persons who purchase Series D Preferred Stock from the selling shareholders are offered by, and will be issued by, the Registrant.

(2) In the event of a stock split, reverse stock split, stock dividend, anti-dilution adjustment or similar transaction involving common stock of the Registrant, the number of shares registered shall be automatically increased to cover the additional shares or decreased to reflect the event in accordance with Rule 416(b) under the Securities Act.

(3) Estimated solely for the purpose of calculating the registration fee pursuant to Rule 457(c) of the Securities Act based upon the initial price of the Company s Series C Preferred Stock, a portion of which converted on a 1-to-1 basis into Series D Preferred Stock.

(4) Estimated solely for the purpose of calculating the registration fee pursuant to Rule 457(c) of the Securities Act based upon the last reported trading price of the Registrant s common stock on the Nasdaq Capital Market on June 28, 2013.

* A filing fee of $16,898 was previously paid in connection with the Registrant s Registration Statement on Form S-1 filed on September 28, 2011.

The registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933, as amended, or until the Registration Statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.

Table of Contents

Explanatory Note:

This Post-Effective Amendment No. 2 is being filed in order to incorporate by reference Carver Bancorp, Inc. s Annual Report on Form 10-K for the year ended March 31, 2013 and certain other documents filed with the SEC by Carver Bancorp, Inc., and to make certain corresponding changes in the Registration Statement.

Table of Contents

Prospectus

Carver Bancorp, Inc.

45,118 Shares of Series D Preferred Stock

9,047,331 Shares of Common Stock

This prospectus relates to the offering of two categories of our securities. The securities may be resold from time to time by and for the accounts of certain selling stockholders named in this prospectus. See *Plan of Distribution* for important information regarding the methods of resale of the securities offered pursuant to this prospectus. We will not receive any of the proceeds of such resales.

• **Common Stock**

The first category of securities that this prospectus relates to is 3,529,325 shares of Common Stock held by certain selling stockholders.

• **Series D Preferred Stock and Common Stock Issuable Upon Conversion of Series D Preferred Stock**

The second category of securities that this prospectus relates to is 45,118 shares of our Series D Preferred Stock held by certain selling stockholders and up to 5,518,006 shares of Common Stock that may be issued from time to time upon the subsequent conversion of shares of the Series D Preferred Stock. In the event of certain subsequent transfers of the Series D Preferred Stock, which may include sales pursuant to this prospectus, the Series D Preferred Stock will automatically convert into shares of Common Stock. See *Description of Securities Series D Preferred Stock Conversion* for more information regarding the conversion of the Series D Preferred Stock into shares of Common Stock. **In most circumstances, a purchaser of Series D Preferred Stock pursuant to this prospectus will receive Common Stock instead of Series D Preferred Stock.** In the event of such a transfer, shares of Common Stock issued to persons who purchase Series D Preferred Stock from the selling stockholders are offered by and will be issued by us. The conversion price of the Series D Preferred Stock is $8.1765, subject to anti-dilution adjustments. **The shares of Common Stock will not be available until such time as particular shares of Series D Preferred Stock are sold in one or more transactions that cause the conversion of the Series D Preferred Stock.**

This prospectus and the registration statement of which this prospectus forms a part may be amended from time to time, including to reflect changes in the number of shares of each of the above categories that may be resold by the selling stockholders pursuant to this prospectus and the price at which such shares may be resold by the selling stockholders.

Our shares of Common Stock are currently traded on the NASDAQ Capital Market under the symbol CARV. On June 28, 2013, the last reported sales price of our Common Stock was $5.44 per share. Our shares of Series D Preferred Stock are not currently listed or traded on any exchange.

The Selling Shareholders may sell all or a portion of the securities from time to time, in amounts, at prices and on terms determined at the time of offering. The selling stockholders may sell the securities by any means described in the section of this Prospectus entitled *Plan of Distribution*, including in ordinary broker transactions or in negotiated transactions, and they may pay broker commissions in connection with such transactions. The selling stockholders and any broker dealer executing sell orders on behalf of or purchasing from the selling stockholders may be deemed to be an underwriter within the meaning of the Securities Act of 1933. Commissions received by any such broker dealer may be deemed to be underwriting commissions or discounts under the Securities Act of 1933.

The shares offered pursuant to this prospectus will be held in book-entry form with our registrar and transfer agent. No certificates will be issued with respect to such shares, and such shares will not be held in global form at The Depository Trust Company. If you wish to have your shares held through The Depository Trust Company, you will need to make arrangements with your broker to transfer your shares into the name of The Depository Trust Company or its nominee.

Investing in our securities involves a high degree of risk. See *Risk Factors* beginning on page 8 to read about factors you should consider before buying shares of our Series D Preferred Stock or Common Stock.

Table of Contents

The securities are not savings accounts, deposits or other obligations of any bank and are not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The date of this prospectus is , 2013

Table of Contents

TABLE OF CONTENTS

PROSPECTUS SUMMARY	1
FORWARD-LOOKING STATEMENTS	7
RISK FACTORS	8
USE OF PROCEEDS	19
MARKET FOR COMMON STOCK AND OUR DIVIDEND POLICY	19
SELLING STOCKHOLDERS	20
PLAN OF DISTRIBUTION	22
DESCRIPTION OF SECURITIES	24
DIRECT REGISTRATION SYSTEM	32
CERTAIN U.S. FEDERAL INCOME TAX CONSIDERATIONS	32
CERTAIN ERISA CONSIDERATIONS	37
INCORPORATION OF CERTAIN INFORMATION BY REFERENCE	39
LEGAL MATTERS	39
EXPERTS	39
WHERE YOU CAN FIND ADDITIONAL INFORMATION	40

Table of Contents

PROSPECTUS SUMMARY

This summary highlights information contained elsewhere, or incorporated by reference, in this prospectus. As a result, it does not contain all the information that may be important to you. To understand this transaction fully, you must read this entire prospectus carefully, including the risk factors beginning on page 8 and the documents incorporated by reference into this prospectus.

The Company

Carver Bancorp, Inc., a Delaware corporation (the Company) is the holding company for Carver Federal Savings Bank (Carver Federal or the Bank), a federally chartered savings bank, and, on a parent-only basis, had minimal results of operations. The Company is headquartered in New York, New York. The Company conducts business as a unitary savings and loan holding company, and the principal business of the Company consists of the operation of its wholly-owned subsidiary, Carver Federal. Carver Federal was founded in 1948 to serve African-American communities whose residents, businesses and institutions had limited access to mainstream financial services. The Bank remains headquartered in Harlem, and predominantly all its nine branches and nine stand-alone 24/7 ATM Centers are located in low- to moderate-income neighborhoods. Many of these historically underserved communities have experienced unprecedented growth and diversification of incomes, ethnicity and economic opportunity, after decades of public and private investment.

Carver Federal is the largest African-American operated bank in the United States. The Bank remains dedicated to expanding wealth enhancing opportunities in the communities it serves by increasing access to capital and other financial services for consumers, businesses and non-profit organizations, including faith-based institutions. A measure of its progress in achieving this goal includes the Bank s Outstanding rating, issued by the OCC following its most recent Community Reinvestment Act (CRA) examination in 2012. The examination report noted that 76.1% of the Bank s community development lending and 55.4% of the Bank s Home-Owners Mortgage Disclosure Act (HMDA) reportable loan originations were within low- to moderate-income geographies, which far exceeded peer institutions. The Bank had approximately $683.3 million in assets as of March 31, 2013and employed approximately 133 employees as of March 31, 2013.

Carver Federal engages in a wide range of consumer and commercial banking services. Carver Federal provides deposit products including demand, savings and time deposits for consumers, businesses, and governmental and quasi-governmental agencies in its local market area within New York City. In addition to deposit products, Carver Federal offers a number of other consumer and commercial banking products and services, including debit cards, online banking including online bill pay, and telephone banking.

Carver Federal offers loan products covering a variety of asset classes, including commercial, multi-family and residential mortgages, construction loans and business loans. The Bank finances mortgage and loan products through deposits or borrowings. Funds not used to originate mortgages and loans are invested primarily in U.S. government agency securities and mortgage-backed securities. The Bank s primary market area for deposits consists of the areas served by its nine branches in the Brooklyn, Manhattan and Queens boroughs of New York City. The neighborhoods in which the Bank s branches are located have historically been low- to moderate-income areas. The Bank s primary lending market includes Bronx, Kings, New York and Queens counties in New York City, and lower Westchester County, New York. Although the Bank s branches are primarily located in areas that were historically underserved by other financial institutions, the Bank faces significant competition for deposits and mortgage lending in its market areas. Management believes that this competition has become more intense as a result of increased examination emphasis by federal banking regulators on financial institutions fulfillment of their responsibilities under the CRA and more recently due to the decline in demand for loans by qualified borrowers. Carver Federal s market area has a high density of financial institutions, many of which have greater financial resources, name recognition and market presence, and all of which are competitors to varying degrees. The Bank s competition for loans comes principally from mortgage banking companies, commercial banks, and savings

institutions. The Bank s most direct competition for deposits comes from commercial banks, savings institutions and credit unions. Competition for deposits also comes from money market mutual funds, corporate and government securities funds, and financial intermediaries such as brokerage firms and insurance companies. Many of the Bank s competitors have substantially greater resources and offer a wider array of financial services and products. This combined with competitors larger presence in the New York market add to the challenges the Bank faces in expanding its current market share and growing its near-term profitability.

Carver Federal s more than 60 year history in its market area, its community involvement and relationships, targeted products and services and personal service consistent with community banking, help the Bank compete with other competitors that have entered its market.

Table of Contents

The Bank formalized its many community focused investments on August 18, 2005, by forming Carver Community Development Company (CCDC). CCDC oversees the Bank s participation in local economic development and other community-based initiatives, including financial literacy activities. CCDC coordinates the Bank s development of an innovative approach to reach the unbanked customer market in Carver Federal s communities. Importantly, CCDC spearheads the Bank s applications for grants and other resources to help fund these important community activities. In this connection, Carver Federal has successfully competed with large regional and global financial institutions in a number of competitions for government grants and other awards. In June 2006, Carver Federal was selected by the United States Department of the Treasury to receive an award of $59 million in New Markets Tax Credits (NMTC). In May 2009, Carver Federal won another NMTC award in the amount of $65 million and in August 2011, Carver Federal received a third NMTC award in the amount of $25 million. The NMTC award is used to stimulate economic development in low- to moderate-income communities. The NMTC award enables the Bank to invest with community and development partners in economic development projects with attractive terms including, in some cases, below market interest rates, which may have the effect of attracting capital to underserved communities and facilitating revitalization of the community, pursuant to the goals of the NMTC program. The NMTC award provides a credit to Carver Federal against federal income taxes when the Bank makes qualified investments. In addition to the tax credit awards recognized, the Company may transfer rights to an investor in a NMTC project and recognize a gain on the transfer of rights. The Company s ability to realize the benefit of the tax credits is dependent upon the Company generating sufficient taxable income. As of March 31, 2012, the 2006 and 2009 awards allocations have been fully utilized in qualifying projects.

A description of our business and operations is included in our definitive proxy statement filed with the SEC on September 16, 2011, our Annual Report on Form 10-K for the year ended March 31, 2013, filed with the SEC on June 28, 2013, and our Quarterly Reports on Form 10-Q for the period ended June 30, 2012, filed with the SEC on August 13, 2012, for the period ended September 30, 2012, filed with the SEC on November 14, 2012, and for the period ended December 31, 2012, filed with the SEC on February 14, 2013, all of which are incorporated herein by reference.

Cease-and-Desist Orders

On February 7, 2011, the Company and the Bank consented to the Office of Thrift Supervision (OTS) issuing an Order to Cease and Desist against the Company (the Company Order) and against the Bank (the Bank Order) (together the Orders). The OTS issued the Orders based upon its findings that the Company and the Bank were operating with an inadequate level of capital for the volume, type and quality of assets held by the Company and the Bank, that they were operating with an excessive level of adversely classified assets and that earnings were inadequate to augment capital. The Orders impose significant restrictions on the operations of the Company and the Bank. Effective July 21, 2011, supervisory authority with respect to the Company Order was transferred from the OTS to the Board of Governors of the Federal Reserve System (the Federal Reserve) and the supervisory authority with respect to the Bank Order was transferred from the OTS to the Office of the Comptroller of the Currency (the OCC).

The Company Order requires, among other things, the Company to a notify and receive the written permission of the OTS prior to (i) declaring, making or paying any dividends or other capital distributions, or repurchasing or redeeming any capital stock; (ii) incurring, issuing, renewing, repurchasing or rolling over any debt, increasing any current lines of credit or guaranteeing the debt of any entity; (iii) making certain changes to its directors or senior executive officers; (v) entering into, renewing, extending or revising any contractual arrangement related to compensation or benefits with any of its directors or senior executive officers; and (vi) making any golden parachute payments or prohibited indemnification payments. The Company Order also requires the Company to submit and adhere to a written plan to maintain and enhance the capital of the Company.

The Bank Order requires, among other things, the Bank (i) attain and maintain a Tier 1 Core Capital Ratio equal to or greater than nine percent (9%) and a Total Risk-Based Capital Ratio equal to or greater than thirteen percent (13%); (ii) revise and adhere to a written plan to identify,

monitor and control risk associated with concentrations of assets; (iii) adhere to a detailed written plan with specific strategies, targets and timeframes to reduce the Bank s level of problem assets, which include all criticized and classified assets; and (iv) ensure that the Bank s financial reports and statements are timely and accurately prepared and filed. The Bank Order also provides that, unless the Bank first receives the prior written non-objection of the OTS, the Bank may not (i) originate or purchase, refinance, extend or otherwise modify any commercial real estate loan as defined in the Bank Order, unless the refinance, modification or extension meets certain criteria, including improving the credit quality and collectability of the loan; (ii) increase its asset size in any quarter greater than an amount equal to the net interest credited on deposit liabilities during the prior quarter; (iii) declare or pay dividends or make any capital distributions; (iv) make certain changes to its directors or senior executive officers; (v) enter into, renew, extend or revise any contractual arrangement related to compensation or benefits with any of its directors or senior executive officers;

Table of Contents

(vi) make any golden parachute or prohibited indemnification payments; (vii) enter into certain transactions with affiliates; and (xiii) enter into any arrangement or contract with a third party service provider that is significant or outside the normal course of business. Finally, without prior approval of the Federal Deposit Insurance Corporation (the FDIC), the Bank may not roll over or renew any brokered deposit or accept any new brokered deposits.

The Company and the Bank complied with the requirements of the Orders related to the submission of various plans and documentation by the April 30, 2011 deadlines set forth in the Orders. The Company and the Bank are actively working to rectify the following matters set forth in the Orders.

- ***The Company and the Bank were operating with an inadequate level of capital.*** The Company completed a private placement of $55 million of preferred stock that closed on June 30, 2011, and contributed $37 million to the Bank. See *Recapitalization Transaction*. The Bank s Tier 1 Core Capital Ratio was 10.26% at March 31, 2013, compared to 9.83% at March 31, 2012 and 5.38% at March 31, 2011. The Bank s Total Risk-Based Capital Ratio was 19.55% at March 31, 2013, compared to 16.94% at March 31, 2012 and 9.6% at March 31, 2011. In an effort to maintain the capital ratios at or above the minimum of 9.0% Tier 1 Core Capital Ratio and 13.0% Total Risk-Based Capital Ratio set forth in the Orders, the Company is actively marketing to fund new loans, reduce non-performing assets and grow non-interest income via additional product offerings (e.g. Carver Community Cash).

- ***The Company and the Bank were operating with an excessive level of adversely classified assets.*** In order to reduce classified assets, the Company has continued to pursue the sale of certain loans. In the year ended March 31, 2013 and March 31, 2012, the Company transferred $10.5 million and $63.6 million, respectively, of non-performing loans into the held-for-sale category, and sold $24.1 million and $32.4 million, respectively, of loans. The Company has also engaged in loan resolution activities, which, together with the movement of non-performing loans into the held-for-sale category, has resulted in a decrease in non-performing loans to $30.6 million, or 8.27% of total loans, at March 31, 2013, compared to $54.6 million, or 13.22% of total loans, at March 31, 2012 and $77.4 million, or 13.34% of total loans, at March 31, 2011. The Company s resolution activities have also resulted in a decrease in non-performing assets to $46.1 million, or 7.2% of total assets, at March 31, 2013, compared to $86.4 million, or 13.5% of total assets, at March 31, 2012 and $87.2 million, or 12.3% of total assets, at March 31, 2011. In addition, the Company is taking action diversify its portfolio to reduce concentration risk, including efforts to decrease construction loans, focus on owner-occupied commercial real estate loans, and increase small business, non-profit, and consumer loans.

- ***Earnings were inadequate to augment the Company s and the Bank s capital.*** In order to offset the decrease in yields experienced by the Company in recent quarters, the Company and the Bank are engaged in marketing efforts to attract more core deposits and make more loans, using the proceeds of the recapitalization transaction as well as the new deposit funds. In addition, the Company launched Carver Community Cash, a product line designed to meet the daily transaction needs of the unbanked, which generates direct revenues and which the Company believes will result in increased banking relationships with existing institutional customers and relationships with a new segment of retail customers.

The Company Order and the Bank Order are filed as exhibits to our Current Report on Form 8-K filed with the SEC on February 10, 2011, which are incorporated herein by reference.

Recapitalization Transaction

On June 29, 2011, the Company completed a private placement of 55,000 shares of the Company s Mandatorily Convertible Non-Voting Participating Preferred Stock, Series C (the Series C Preferred Stock) to several institutional investors (the Investors) for an aggregate purchase price of $55.0 million. After the payment of fees of $3.2 million to our financial advisor in connection with the recapitalization transaction, and approximately $400,000 of legal, accounting and other fees related to the recapitalization transaction, our net proceeds were approximately $51.4 million.

Table of Contents

Effective October 28, 2011, the Series C Preferred Stock converted into:

- an aggregate of 1,208,039 shares of Common Stock, at a conversion price of $8.1765 (which reflects the 1-for-15 reverse stock split that was effective as of October 27, 2011); and

- an aggregate of 45,118 shares of the Company s Convertible Non-Cumulative Non-Voting Participating Preferred Stock, Series D (the Series D Preferred Stock), at a ratio of 1:1.

In connection with the private placement, the Company entered into an Exchange Agreement (the Exchange Agreement) with the United States Department of the Treasury (Treasury), pursuant to which Treasury agreed to exchange the 18,980 shares of the Company s Fixed Rate Cumulative Perpetual Preferred Stock, Series B (the Series B Preferred Stock) that it held for shares of Common Stock at the same conversion price applicable to the conversion of the Series C Preferred Stock (the Exchange). The Exchange was effective October 28, 2011, and the Series B Preferred Stock was exchanged for 2,321,286 shares of Common Stock.

The Exchange Agreement grants Treasury the right to include the shares of Common Stock received in exchange for the shares of Series B Preferred Stock pursuant to the Exchange Agreement in any registration statement filed by the Company, including with respect to registration of securities held by other selling stockholders. In the event that an underwriter advises the Company that it is necessary to reduce the number of securities included in any registered offering initiated by the Company, the securities shall be included in the following order of priority: first, shares of Common Stock held by Treasury; second, shares being issued by the Company; third, shares of Common Stock held by any person to whom Treasury has transferred such securities; and fourth, any other securities proposed to be included in the registration statement. In addition, in the event that an underwriter advises the Company that it is necessary to reduce the number of securities included in any registered offering initiated upon demand of holders of the Series D Preferred Stock or Common Stock issued upon conversion of the Series D Preferred Stock, the securities shall be included in the following order of priority: first, shares of Common Stock held by Treasury; second, shares being issued by the Company; and third, any other securities proposed to be included in the registration statement.

In connection with the private placement and the Exchange, the Company held a meeting of its stockholders on October 25, 2011, at which the stockholders approved the following proposals related to the recapitalization transaction: an increase in the number of shares of authorized Common Stock (which was not effected because of the 1-for-15 reverse stock split); the conversion of the Series C Preferred Stock into shares of Series D Preferred Stock and Common Stock; the issuance of the Series D Preferred Stock; the subsequent conversion of the Series D Preferred Stock into shares of Common Stock in the event of certain transfers; the exchange of the Series B Preferred Stock for Common Stock; and an amendment of the Company s certificate of incorporation that permits Treasury to vote shares of Common Stock that it holds in excess of 10% of the Company s outstanding Common Stock. In addition, the stockholders approved a 1-for-15 reverse stock split pursuant to which each 15 shares of the Company s Common Stock would be converted into one share of Common Stock. The 1-for-15 reverse stock split was effective as of October 27, 2011, resulting in a reduction in the number of outstanding shares of the Company s Common Stock from 2,510,238 to 166,975, an increase of the conversion price of the Series C Preferred Stock and the Series D Preferred Stock and the exchange ratio of the Series B Preferred Stock from $0.5451 to $8.1765, and a corresponding decrease in the number of shares of Common Stock issued to the Investors and Treasury.

Corporate Information

Our principal executive offices are located at 75 West 125th Street, New York, New York, 10027-4512. Our telephone number is (718) 230-2900. Our internet address is www.carverbank.com. Information contained on, or that is accessible through, our website should not be considered to be part of this prospectus.

Listing

Our shares of Common Stock are currently traded on the NASDAQ Capital Market under the symbol CARV. On June 28, 2013, the last reported sales price of our Common Stock was $5.44 per share. Our shares of Series D Preferred Stock are not listed or traded on any market or exchange.

Table of Contents

Resale of Common Stock by Selling Stockholders

A total of 3,529,325 shares of Common Stock are offered pursuant to this prospectus. These shares of Common Stock are offered for sale by the selling stockholders identified in this prospectus, and not by us. Please see *Description of Securities Common Stock* for important information regarding our Common Stock.

We will not receive any proceeds from the sale by the selling stockholders of the any of these shares of Common Stock.

Shares of Common Stock outstanding prior to the offering of Common Stock	3,697,328 shares of Common Stock(1)
Shares of Common Stock outstanding after the completion of the offering of shares of Common Stock by the selling stockholders	3,697,328 shares of Common Stock(2)
Proceeds and Use of Proceeds	We will not receive any proceeds from the sale by the selling stockholders of these shares of Common Stock.

(1) As of June 28, 2013.

(2) Does not give effect to the issuance of 5,518,006 shares of Common Stock upon conversion of the Series D Preferred Stock. If all of the Series D Preferred Stock also converts, there would be 9,215,334 shares of Common Stock outstanding.

Table of Contents

Resale of Series D Preferred Stock and Common Stock by Selling Stockholders

A total of 45,118 shares of our Series D Preferred Stock and 5,518,006 shares of Common Stock issuable upon conversion of the Series D Preferred Stock are offered pursuant to this prospectus. The shares of Series D Preferred Stock are offered for sale by the selling stockholders identified in this prospectus, and not by us. In the event of certain transfers resulting in the conversion of the Series D Preferred Stock, shares of Common Stock issued to persons who purchase Series D Preferred Stock from the selling stockholders are offered by, and will be issued by, us. Please see *Description of Securities Series D Preferred Stock* and *Common Stock* for important information regarding the Series D Preferred Stock and the Common Stock into which the Series D Preferred Stock may be converted.

In the event of certain transfers of the Series D Preferred Stock, including certain sales by selling stockholders pursuant to this prospectus, the Series D Preferred Stock will automatically convert into shares of Common Stock, and the purchaser will not receive shares of Series D Preferred Stock.

We will not receive any proceeds from the sale by the selling stockholders of the any of the shares of Series D Preferred Stock or the issuance by us of Common Stock into which the Series D Preferred Stock may convert.

Shares of Series D Preferred Stock outstanding prior to the offering	45,118 shares of Series D Preferred Stock
Shares of Series D Preferred Stock outstanding after the offering	45,118 shares of Series D Preferred Stock(1)
Shares of Common Stock outstanding prior to the offering of Common Stock underlying Series D Preferred Stock	3,697,328 shares of Common Stock(2)
Shares of Common Stock outstanding after the conversion of the Series D Preferred Stock and the offering of Common Stock issuable upon the conversion of the Series D Preferred Stock	9,215,334 shares of Common Stock(3)
Proceeds and Use of Proceeds	We will not receive any proceeds from the sale by the selling stockholders of the Series D Preferred Stock or any of the shares of Common Stock issuable upon conversion of the Series D Preferred Stock.

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(1) Assumes that all shares of Series D Preferred Stock are sold in transfers that do not cause the Series D Preferred Stock to convert into shares of Common Stock. If some of the shares of Series D Preferred Stock are sold in transfers that result in the conversion of the Series D Preferred Stock into shares of Common Stock, there will be fewer shares of Series D Preferred Stock outstanding after the offering.

(2) As of June 28, 2013.

(3) Assumes that all shares of Series D Preferred Stock are sold in transfers that cause the Series D Preferred Stock to convert into shares of Common Stock. If some of the shares of Series D Preferred Stock are sold in transfers that do not result in the conversion of the Series D Preferred Stock into shares of Common Stock, there will be fewer shares of Common Stock outstanding after the offering.

6

Table of Contents

FORWARD-LOOKING STATEMENTS

This prospectus includes statements reflecting assumptions, expectations, projections, intentions or beliefs about future events that are intended as forward-looking statements under the Private Securities Litigation Reform Act of 1995. You can identify these statements by the fact that they do not relate strictly to historical or current facts. They use words such as anticipate, estimate, project, forecast, may, will, should, co believe, intend and other words of similar meaning.

Examples of forward-looking statements include, but are not limited to, estimates with respect to the Company s financial condition, results of operations and business that are subject to various factors which could cause actual results to differ materially from these estimates. These factors include but are not limited to the following factors, as well as the factors set forth under Forward-Looking Statements in our Annual Report on Form 10-K for the year ended March 31, 2013:

- the ability of the Bank and the Company to comply with the Orders, whichplacerestrictions on the operations of the Company and the Bank that may adversely affect our business, financial condition and results of operations;

- the results of examinations by our regulators, including the possibility that our regulators may, among other things, required us to increase our reserve for loan losses, write down assets, change our regulatory capital position, limit our ability to borrow funds or maintain or increase deposits, or prohibit us from paying dividends, which could adversely affect our dividends and earnings;

- restrictions set forth in the terms of the Series D Preferred Stock and in the exchange agreement with the U.S. Treasury that may limit our ability to raise additional capital;

- general economic conditions, either nationally or locally in some or all areas in which business is conducted, or conditions in the real estate or securities markets or the banking industry which could affect liquidity in the capital markets, the volume of loan origination, deposit flows, real estate values, the levels of non-interest income and the amount of loan losses;

- changes in existing loan portfolio composition (including increases in commercial lending) and credit quality, and changes in loan loss requirements;

- legislative or regulatory changes which may adversely affect the Company s business, including but not limited to the impact of the Dodd-Frank Wall Street Reform and Consumer Protection Act and the regulations required to be promulgated thereunder or the proposed Basel III capital rules;

- changes in the level of government support of housing finance;

- the Company s success in implementing its new business initiatives, including expanding its product line, adding new branches and ATM centers and successfully building its brand image;

- changes in interest rates which may reduce net interest margin and net interest income;

- increases in competitive pressure among financial institutions or non-financial institutions;

- changes in consumer spending, borrowing and savings habits;

- technological changes which may be more difficult to implement or expensive than anticipated;

- changes in deposit flows, loan demand, real estate values, borrowing facilities, capital markets and investment opportunities which may adversely affect the business;

- changes in accounting principles, policies or guidelines which may cause conditions to be perceived differently;

- litigation or other matters before regulatory agencies, whether currently existing or commencing in the future, which may delay the occurrence or non-occurrence of events longer than anticipated;

- the ability to originate and purchase loans with attractive terms and acceptable credit quality;

Table of Contents

- the ability to utilize deferred tax assets;
- the ability to attract and retain key members of management; and
- the ability to realize cost efficiencies.

Because forward-looking statements are subject to numerous assumptions, risks and uncertainties, actual results or future events could differ materially from those that the Company anticipates in its forward-looking statements. Accordingly, all of the forward-looking statements, whether written or oral, are expressly qualified by these cautionary statements and any other cautionary statements that may accompany such forward-looking statements or that are otherwise included in or incorporated by reference into this prospectus. The forward-looking statements contained in this prospectus are made as of the date hereof, and the Company assumes no obligation to, and expressly disclaims any obligation to, update these forward-looking statements to reflect actual results, events or circumstances after the date of this prospectus, changes in assumptions or changes in other factors affecting such forward-looking statements or to update the reasons why actual results could differ from those projected in the forward-looking statements, except as legally required. For a discussion of additional factors that could adversely affect the Company s future performance, see *Risk Factors*.

RISK FACTORS

An investment in our securities involves a high degree of risk. You should carefully consider the following risk factors, together with the other information contained in or incorporated by reference into this prospectus, including the risk factors previously disclosed in our Annual Report on Form 10-K for the year ended March 31, 2013 and our Quarterly Reports on Form 10-Q for the periods ended June 30, 2012, September 30, 2012 and December 31, 2012, before making a decision to invest in our securities. We have described in this prospectus and in the documents incorporated by reference into this prospectus all material risks associated with our operations and an investment in our Common Stock or Series D Preferred Stock. The risks and uncertainties described below are not the only ones facing our company. Additional risks and uncertainties that are not known to us or that we currently deem to be immaterial may also adversely affect our business, financial condition or results of operations. If any of the following risks actually occur, our business, financial condition and results of operations could be harmed and we may not be able to achieve our expectations, projections, intentions or beliefs about future events that are intended as forward-looking statements under Private Securities Litigation Reform Act of 1995. These risk factors should be read in conjunction with the section entitled Forward- Looking Statements.

Risks Associated with our Business and Operations

Our prospective regulatory capital requirements remain uncertain and there is a risk that we will be unable to meet these new standards in the time frame expected by the market or regulators.

The proposed final U.S. rule implementing Basel III and the capital-related provisions of the Dodd-Frank Act establishes tougher capital standards through higher capital ratio requirements, more restrictive capital definitions, higher risk-weighting of certain assets and additional capital buffers. If the final rule is enacted as proposed, Basel III will fundamentally impact the Bank s profitability, ability to pay dividends and liquidity requirements. The proposed rule may also require process and system changes, including for stress testing and capital management infrastructure. The proposed final rule for Basel III is currently in the comment period and management is unable to determine what the final requirements will be or the impact it will have on the Bank.

Our results of operations may be adversely affected by loan repurchases from U.S. Government Sponsored entities (GSEs).

In connection with the sale of loans, we as the loan originator are required to make a variety of representations and warranties regarding the originator and the loans that are being sold. If a loan does not comply with the representations and warranties, Carver may be obligated to repurchase the loans, and in doing, so incur any loss directly. Prior to December 31, 2009 the Bank originated and sold loans to FNMA. During fiscal years 2012 and 2013, the Bank has been obligated to repurchase 8 loans previously sold to FNMA. There is no assurance that the Bank will not be required to repurchase additional loans in the future. Accordingly, any repurchase obligations to FNMA could materially and adversely affects the Bank s results of operations and earnings in the future.

Table of Contents

The prolonged negative effect of the recession and weak economic recovery will continue to adversely affect our financial performance.

The severe recession and weak economic recovery has resulted in continued uncertainty in the financial and credit markets in general. There is also continued concern about the possibility of another economic downturn. The Federal Reserve, in an attempt to stimulate the overall economy, has, among other things, kept interest rates low through its targeted federal funds rate and purchased mortgage-backed securities. While this has helped the economy from declining further and has reduced the Bank s cost of funds, the low rates have made it difficult for the Bank to earn interest income on investments and loans. If the Federal Reserve increases the federal funds rate, overall interest rates will likely rise which may negatively impact the housing markets, businesses ability to borrow, and the U.S. economic recovery. Regardless of the cause or the Federal Reserve s response, a prolonged weakness in the economy generally, and in the financial services industry in particular, could continue to negatively affect our operations in multiple ways, including the ability to originate new loans at reasonable rates and the continued deterioration of our loan portfolio, requiring increased provisions and costs to manage problem assets.

Our results of operations are affected by economic conditions in the New York metropolitan area.

At March 31, 2013, significant majority of the Bank s lending portfolio is concentrated in the New York metropolitan area. As a result of this geographic concentration, our results of operations are largely dependent on economic conditions in this area. Further decreases in real estate values could adversely affect the value of property used as collateral for loans to its borrowers. Adverse changes in the economy caused by inflation, recession, unemployment or other factors beyond the Bank s control may also continue to have a negative effect on the ability of borrowers to make timely mortgage or business loan payments, which would have an adverse impact on earnings. Consequently, deterioration in economic conditions in the New York metropolitan area could have a material adverse impact on the quality of the Bank s loan portfolio, which could result in increased delinquencies, decreased interest income results as well as an adverse impact on loan loss experience with probable increased allowance for loan losses. Such deterioration also could adversely impact the demand for products and services, and, accordingly, further negatively affect results of operations.

The Bank is operating in a challenging and uncertain economic environment, both nationally and locally. Financial institutions continue to be affected by sharp declines in the real estate market and constrained financial markets. Continued declines in real estate values, home sales volumes and financial stress on borrowers as a result of the ongoing economic recession, including job losses, could have an adverse effect on the Bank s borrowers or their customers, which could adversely affect the Bank s financial condition and results of operations. In addition, the Bank has experienced declines in real estate values in all markets in which it lends. Such decreases in real estate values, particularly where the original appraised values do not reflect current market conditions, could adversely affect the value of property used as collateral for loans.

Further, significant increases in job losses and unemployment will have a negative impact on the financial condition of residential borrowers and their ability to remain current on their mortgage loans. A continuation or further deterioration in national and local economic conditions, including an accelerating pace of job losses, particularly in the New York metropolitan area, could have a material adverse impact on the quality of the Bank s loan portfolio, which could result in further increases in loan delinquencies, causing a decrease in the Bank s interest income as well as an adverse impact on the Bank s loan loss experience, causing an increase in the Bank s allowance for loan losses and related provision and a decrease in net income. Such deterioration could also adversely impact the demand for the Bank s products and services, and, accordingly, the Bank s results of operations.

Current economic conditions may not improve and may worsen, which could result in a decrease in the Bank s interest income or an adverse impact on loan losses.

Our business may be adversely affected by current conditions in the financial markets, the real estate market and economic conditions generally.

Beginning in the latter half of 2007 and continuing into 2013, negative developments in the capital markets resulted in uncertainty and instability in the financial markets, and an economic downturn. The housing market declined, resulting in decreasing home prices and increasing delinquencies and foreclosures. The credit performance of residential and commercial real estate, construction and land loans resulted in significant write-downs of asset values by financial institutions, including

Table of Contents

government-sponsored entities and major commercial and investment banks. The declines in the performance and value of mortgage assets encompassed all mortgage and real estate asset types, leveraged bank loans and nearly all other asset classes, including equity securities. These write-downs have caused many financial institutions to seek additional capital or to merge with larger and stronger institutions. Some financial institutions have failed. Continued, and potentially increased, volatility, instability and weakness could affect our ability to sell investment securities and other financial assets, which in turn could adversely affect our liquidity and financial position. This instability also could affect the prices at which we could make any such sales, which could adversely affect our earnings and financial condition.

Concerns over the stability of the financial markets and the economy have resulted in decreased lending by some financial institutions to their customers and to each other. This tightening of credit has led to increased loan delinquencies, lack of customer confidence, increased market volatility and a widespread reduction in general business activity. Competition among depository institutions for deposits has increased significantly, and access to deposits or borrowed funds has decreased for many institutions. It has also become more difficult to assess the creditworthiness of customers and to estimate the losses inherent in our loan portfolio.

Current conditions, including high unemployment, soft real estate markets, and the decline of home sales and property values, could negatively affect the volume of loan originations and prepayments, the value of the real estate securing our mortgage loans, and borrowers ability to repay loan obligations, all of which could adversely impact our earnings and financial condition. Business activity across a wide range of industries and regions is greatly reduced, and local governments and many companies are in serious difficulty due to the lack of consumer spending and the lack of liquidity in the credit markets. A worsening of current conditions would likely adversely affect our business and results of operations, as well as those of our customers. As a result, we may experience increased foreclosures, delinquencies and customer bankruptcies, as well as more restricted access to funds.

The soundness of other financial institutions could negatively affect us.

Our ability to engage in routine funding transactions could be adversely affected by the actions and commercial soundness of other financial institutions. Financial services institutions are interrelated as a result of trading, clearing, counterparty, or other relationships. As a result, defaults by, or even rumors or questions about, one or more financial services institutions, or the financial services industry generally, have led to market-wide liquidity problems and could lead to losses or defaults by us or by other institutions. Many of these transactions expose us to credit risk in the event of default of our counterparty or client. In addition, our credit risk may be exacerbated when the collateral held by us cannot be realized upon or is liquidated at prices not sufficient to recover the full amount of the financial instrument exposure due us. Any such losses could materially and adversely affect our results of operations.

The allowance for loan losses could be insufficient to cover the Company s actual loan losses.

We make various assumptions and judgments about the collectability of our loan portfolio, including the creditworthiness of our borrowers and the value of the real estate and other assets serving as collateral for the repayment of many of our loans. In determining the amount of the allowance for loan losses, we review our loans and our loss and delinquency experience, and we evaluate economic conditions. If our assumptions are incorrect, our allowance for loan losses may not be sufficient to cover losses inherent in our loan portfolio, resulting in additions to our allowance. Material additions to the allowance would materially decrease net income.

In addition, our regulators periodically review the allowance for loan losses and may require us to increase our provision for loan losses or recognize further loan charge-offs. A material increase in the allowance for loan losses or loan charge-offs as required by the regulatory authorities would have a material adverse effect on the Company s financial condition and results of operations.

The Company s concentration in multifamily loans and commercial real estate loans could, in a deteriorating economic climate, expose us to increased lending risks and related loan losses.

Although Carver Federal has reduced its concentration in non-owner occupied commercial real estate, multifamily and construction loans to within board-approved policy limits, Carver Federal continues to maintain a high concentration in this area and has begun, on a select basis, renewing existing loans and making new loans. Further deterioration in the economy could expose Carver Federal to additional losses in this segment of its loan portfolio.

Table of Contents

Changes in interest rate environment may negatively affect the Company s net income, mortgage loan originations and valuation of available-for-sale securities.

Our primary source of income is net interest income, which is the difference between the interest income generated by our interest-earning assets (consisting primarily of loans and, to a lesser extent, securities) and the interest expense produced by our interest-bearing liabilities (consisting primarily of deposits and wholesale borrowings).

The cost of our deposits and short-term wholesale borrowings is largely based on short-term interest rates, the level of which is driven by the Federal Open Market Committee. However, the yields generated by our loans and securities are typically driven by intermediate-term (i.e., five-year) interest rates, which are set by the market and generally vary from day to day. The level of net interest income is therefore influenced by movements in such interest rates, and the pace at which such movements occur. If the interest rates on our interest-bearing liabilities increase at a faster pace than the interest rates on our interest-earning assets, the result could be a reduction in net interest income and with it, a reduction in our earnings. Our net interest income and earnings would be similarly impacted were the interest rates on our interest-earning assets to decline more quickly than the interest rates on our interest-bearing liabilities.

In addition, such changes in interest rates could affect our ability to originate loans and attract and retain deposits; the fair values of our securities and other financial assets; the fair values of our liabilities; and the average lives of our loan and securities portfolios.

Changes in interest rates could also have an effect on loan refinancing activity which, in turn, would impact the amount of prepayment penalty income we receive on our multi-family and commercial real estate loans. Because prepayment penalties are recorded as interest income, the extent to which they increase or decrease during any given period could have a significant impact on the level of net interest income and net income we generate during that time.

In addition, changes in interest rates could have an effect on the slope of the yield curve. If the yield curve were to invert or become flat, our net interest income and net interest margin could contract, adversely affecting our net income and cash flows and the value of our assets.

Further, the actual amount of time before mortgage and business loans and mortgage-backed securities are repaid can be significantly impacted by changes in mortgage prepayment rates and prevailing market interest rates impacting not only Carver Federal s interest income, but Carver Federal s liquidity. Mortgage prepayment rates will vary due to a number of factors, including the regional economy in the area where the underlying mortgages were originated, seasonal factors, demographic variables and the ability to assume the underlying mortgages. However, the major factors affecting prepayment rates are prevailing interest rates, related loan refinancing opportunities and competition.

Finally, the estimated fair value of the Company s available-for-sale securities portfolio may increase or decrease materially depending on changes in interest rates. Carver Federal s securities portfolio is comprised primarily of fixed rate securities.

The Company and Carver Federal may not be able to comply with the Orders, which could adversely affect our financial condition and results of operations.

The Orders contain a number of requirements, including the requirement to raise sufficient capital to ensure that Carver Federal maintains Tier 1 Core capital and Total Risk Based capital of at least 9.00% and 13.00%, respectively, and the requirement to substantially resolve problem assets. On June 29, 2011, the Company raised $55 million and contributed $44 million to Carver Federal during the year ended March 31, 2012. Carver Federal is currently in compliance with the required minimum capital levels, but may not be able to maintain compliance. Carver Federal also continues to have a high level of problem assets and may not be able to resolve its problem assets using available capital or in a time period acceptable to the OCC. The Orders also place restrictions on growth in assets and changes in directors and management, as well as other requirements or restrictions. Compliance with some of the provisions set forth in the Orders, such as growth restrictions, may adversely affect our results of operations. In addition, as long as the Orders remain in effect, our ability to grow our business and make significant changes to our operations will be restricted, which could adversely affect our results of operations.

Table of Contents

Strong competition within the Bank s market areas could adversely affect profits and slow growth.

The New York metropolitan area has a high density of financial institutions, of which many are significantly larger than Carver Federal and with greater financial resources. Additionally, various large out-of-state financial institutions may continue to enter the New York metropolitan area market. All are considered competitors to varying degrees.

Carver Federal faces intense competition both in making loans and attracting deposits. Competition for loans, both locally and in the aggregate, comes principally from mortgage banking companies, commercial banks, savings banks and savings and loan associations. Most direct competition for deposits comes from commercial banks, savings banks, savings and loan associations and credit unions. The Bank also faces competition for deposits from money market mutual funds and other corporate and government securities funds as well as from other financial intermediaries such as brokerage firms and insurance companies. Market area competition is a factor in pricing the Bank s loans and deposits, which could reduce net interest income. Competition also makes it more challenging to effectively grow loan and deposit balances. The Company s profitability depends upon its continued ability to successfully compete in its market areas.

Controls and procedures may fail or be circumvented, which may result in a material adverse effect on the Company s business.

Management regularly reviews and updates the Company s internal controls, disclosure controls and procedures, and corporate governance policies and procedures. Any system of controls, however well designed and operated, is based in part on certain assumptions and can provide only reasonable, not absolute, assurances that the objectives of the system are met. Any failure or circumvention of the controls and procedures or failure to comply with regulations related to controls and procedures could have a material adverse effect on Carver s business, results of operations and financial condition.

The Bank and the Company operate in a highly regulated industry, which limits the manner and scope of business activities.

Carver Federal is subject to extensive supervision, regulation and examination by the OCC, the FDIC, and, to a lesser extent, by the New York State Banking Department. The Company is subject to extensive regulation by the Federal Reserve. As a result, the Bank and the Company are limited in the manner in which they conduct their business, undertake new investments and activities and obtain financing. This regulatory structure is designed primarily for the protection of the deposit insurance funds and the Bank s depositors, and not to benefit the Company s stockholders. This regulatory structure also gives the regulatory authorities extensive discretion in connection with their supervisory and enforcement activities and examination policies, including policies with respect to capital levels, the timing and amount of dividend payments, the classification of assets and the establishment of adequate loan loss reserves for regulatory purposes. In addition, the Bank must comply with significant anti-money laundering and anti-terrorism laws. Government agencies have substantial discretion to impose significant monetary penalties on institutions which fail to comply with these laws.

On October 4, 2006, federal bank regulatory authorities published the Interagency Guidance on Nontraditional Mortgage Product Risk, or the Guidance. In general, the Guidance applies to all residential mortgage loan products that allow borrowers to defer repayment of principal or interest. The Guidance describes sound practices for managing risk, as well as marketing, originating and servicing nontraditional mortgage products, which include, among other things, interest-only loans. The Guidance sets forth supervisory expectations with respect to loan terms and underwriting standards, portfolio and risk management practices and consumer protection. For example, the Guidance indicates that

originating interest-only loans with reduced documentation is considered a layering of risk and that institutions are expected to demonstrate mitigating factors to support their underwriting decision and the borrower s repayment capacity. Specifically, the Guidance indicates that a lender may accept a borrower s statement as to the borrower s income without obtaining verification only if there are mitigating factors that clearly minimize the need for direct verification of repayment capacity and that, for many borrowers, institutions should be able to readily document income.

The Bank has evaluated the Guidance for compliance, risk management practices and underwriting guidelines as they relate to originations and purchases of the subject loans, or practices relating to communications with consumers. The Guidance has no impact on the Bank s loan origination and purchase volumes or the Bank s underwriting procedures currently or in future periods.

On July 21, 2010, the President signed into law the Dodd-Frank Wall Street Reform and Consumer Protection Act (the Dodd-Frank Act). The Dodd-Frank Act implements significant changes in the financial regulatory landscape and will impact all financial institutions. This impact may materially affect our business activities, financial position and profitability

Table of Contents

by, among other things, increasing our regulatory compliance burden and associated costs, placing restrictions on certain products and services, and limiting our future capital raising strategies.

Among the Dodd-Frank Act s significant regulatory changes, it creates a new financial consumer protection agency, known as the Bureau of Consumer Financial Protection (the Bureau), that is empowered to promulgate new consumer protection regulations and revise existing regulations in many areas of consumer protection. The Bureau has exclusive authority to issue regulations, orders and guidance to administer and implement the objectives of federal consumer protection laws. The Dodd-Frank Act also eliminated our primary regulator, the OTS, and designated the OCC to become the Bank s primary federal regulator and designated the Federal Reserve as the Company s primary federal regulator. Moreover, the Dodd-Frank Act permits States to adopt stricter consumer protection laws and authorizes State attorneys general to enforce consumer protection rules issued by the Bureau. The Dodd-Frank Act also may affect the preemption of State laws as they affect subsidiaries and agents of federally chartered banks, changes the scope of federal deposit insurance coverage, and increases the FDIC assessment payable by the Bank. We expect that the Bureau and these other changes will significantly increase our regulatory compliance burden and costs and may restrict the financial products and services we offer to our customers.

The Dodd-Frank Act also imposes more stringent capital requirements on bank holding companies by, among other things, imposing leverage ratios on bank holding companies and prohibiting new trust preferred issuances from counting as Tier I capital. These restrictions will limit our future capital strategies. Under the Dodd-Frank Act, our outstanding trust preferred securities will continue to count as Tier I capital but we will be unable to issue replacement or additional trust preferred securities that would count as Tier I capital. Because many of the Dodd-Frank Act s provisions require subsequent regulatory rulemaking, we are uncertain as to the impact that some of the provisions will have on us. The Dodd-Frank Act and the regulations promulgated thereunder may adversely affect our financial condition and results of operations.

Changes in laws, government regulation and monetary policy may have a material effect on results of operations.

Financial institution regulation has been the subject of significant legislation and may be the subject of further significant legislation in the future, none of which is in the Company s control. Significant new laws or changes in, or repeals of, existing laws, including with respect to federal and state taxation, may cause results of operations to differ materially. In addition, cost of compliance could adversely affect the Company s ability to operate profitably. Further, federal monetary policy significantly affects credit conditions for Carver Federal, particularly as implemented through the Federal Reserve. A material change in any of these conditions could have a material impact on Carver Federal, and therefore on the Company s results of operations.

On October 3, 2008, President Bush signed the Emergency Economic Stabilization Act of 2008 (EESA) into law in response to the financial crises affecting the banking system and financial markets. Pursuant to EESA, Treasury has the authority to, among other things, purchase up to $700 billion of troubled assets (including mortgages, mortgage-backed securities and certain other financial instruments) from financial institutions for the purpose of stabilizing and providing liquidity to the U.S. financial markets. On October 14, 2008, Treasury, the Federal Reserve and the FDIC issued a joint statement announcing additional steps aimed at stabilizing the financial markets. First, Treasury announced the Troubled Asset Relief Program (TARP) Capital Purchase Program (CPP), a $250 billion voluntary capital purchase program available to qualifying financial institutions that sell preferred shares to Treasury (to be funded from the $700 billion authorized for troubled asset purchases.) Second, the FDIC announced that its Board of Directors, under the authority to prevent systemic risk in the U.S. banking system, approved the Temporary Liquidity Guarantee Program, which is intended to strengthen confidence and encourage liquidity in the banking system by permitting the FDIC to (1) guarantee certain newly issued senior unsecured debt issued by participating institutions under the Debt Guarantee Program and (2) fully insure non-interest bearing transaction deposit accounts held at participating FDIC-insured institutions, regardless of dollar amount, under the Transaction Account Guarantee Program. Third, to further increase access to funding for businesses in all sectors of the economy, the Federal Reserve announced further details of its Commercial Paper Funding Facility, or CPFF, which provides a broad backstop for the commercial paper market. The Company currently participates in the TARP Community Development Capital Initiative

(CDCI).

The foregoing program or any other governmental program designed to provide financial or economic relief may not have the intended impact, and may have a negative impact on the financial markets. The failure of any such program or the U.S. government to stabilize the financial markets and a continuation or worsening of current financial market conditions and the national and regional economy is expected to materially and adversely affect the Company s business, financial condition, results of operations, access to credit and the trading price of our Common Stock.

Table of Contents

On January 20, 2009, the Company became a TARP CPP participant by completing the sale of $ 18.98 million in Series A preferred stock to Treasury. As a participant, among other things, the Company must adopt Treasury s standards for executive compensation and corporate governance for the period during which Treasury holds equity issued under this program. These standards would generally apply to the Company s CEO, CFO and the three next most highly compensated officers (Senior Executive). The standards include (1) ensuring that incentive compensation for Senior Executives does not encourage unnecessary and excessive risks that threaten the value of the financial institution; (2) required claw-back of any bonus or incentive compensation paid to a Senior Executive based on statements of earnings, gains or other criteria that are later proven to be materially inaccurate; (3) prohibition on making golden parachute payments to Senior Executives; and (4) agreement not to deduct for tax purposes executive compensation in excess of $500,000 for each Senior Executive. In particular, the change to the deductibility limit on executive compensation would likely increase slightly the overall cost of the Company s compensation programs. The Company was also required to adopt certain monitoring and reporting processes.

On August 27, 2010, the Company redeemed the Series A preferred stock and issued $18.98 million in Series B preferred stock in connection with the Company s changing its participation from TARP CPP to TARP Community Development Capital Initiative (CDCI). On October 25, 2011 the Company s shareholders voted and approved the exchange of TARP CDCI Series B preferred stock for common stock. On October 28, 2011 Treasury exchanged the CDCI Series B preferred stock for common stock.

The Company entered into certain agreements with Treasury that limit the Company s activities in a number of ways and that give Treasury the ability to impose additional restrictions as it determines. For example, the Company s ability to declare or pay dividends on any of the Company s shares is restricted. Further, the Company is not generally permitted to increase dividends on its Common Stock without Treasury s approval until earlier of the third anniversary of the CPP investment or at such time when Treasury ceases to own any debt or equity securities of the Company. In addition, the Company s ability to redeem, repurchase or acquire shares of its Common Stock or other capital stock or is prohibited without Treasury s prior consent until the earlier of the third anniversary of the CPP investment or at such time when Treasury ceases to own any debt or equity securities of the Company. These restrictions remain in place even though the Series B Preferred Stock has been exchanged for shares of Common Stock pursuant to the Exchange Agreement.

Future FDIC assessments will negatively impact our results of operations.

In November 2009, the FDIC issued a rule that required all insured depository institutions, with limited exceptions, to prepay their estimated quarterly risk-based assessments for the fourth quarter of 2009 and for all of 2010, 2011 and 2012. The FDIC also adopted a uniform three-basis point increase in assessment rates effective on January 1, 2011. Any additional emergency special assessment or increases in insurance premiums imposed by the FDIC will likely negatively impact the Company s earnings.

The Company is subject to certain risks with respect to liquidity.

Liquidity refers to the Company s ability to generate sufficient cash flows to support operations and to fulfill obligations, including commitments to originate loans, to repay wholesale borrowings, and to satisfy the withdrawal of deposits by customers.

The Company s primary sources of liquidity are the cash flows generated through the repayment of loans and securities, cash flows from the sale of loans and securities, deposits gathered organically through the Bank s branch network, from socially motivated depositors, city and state

agencies and deposit brokers; and borrowed funds, primarily in the form of wholesale borrowings from the FHLB-NY. In addition, and depending on current market conditions, the Company has the ability to access the capital markets from time to time.

Deposit flows, calls of investment securities and wholesale borrowings, and prepayments of loans and mortgage-related securities are strongly influenced by such external factors as the direction of interest rates, whether actual or perceived; local and national economic conditions; and competition for deposits and loans in the markets the Bank serves. Furthermore, changes to the FHLB-NY s underwriting guidelines for wholesale borrowings may limit or restrict the Bank s ability to borrow, and could therefore have a significant adverse impact on liquidity.

A decline in available funding could adversely impact the Bank s ability to originate loans, invest in securities, and meet expenses, or to fulfill such obligations as repaying borrowings or meeting deposit withdrawal demands.

Table of Contents

The Bank s ability to pay dividends or lend funds to the Company is subject to regulatory limitations which may prevent the Company from making future dividend payments or principal and interest payments on its debt obligation.

The Company is a unitary savings and loan association holding company regulated by the Federal Reserve and almost all of its operating assets are owned by Carver Federal. The Company relies primarily on dividends from the Bank to pay cash dividends to its stockholders, to engage in share repurchase programs and to pay principal and interest on its trust preferred debt obligation. The OCC regulates all capital distributions by the Bank to the Company, including dividend payments, and the Federal Reserve regulates dividends by the Company. As the subsidiary of a savings and loan association holding company, Carver Federal must file a notice or an application (depending on the proposed dividend amount) with the OCC prior to each capital distribution. The OCC will disallow any proposed dividend that would result in Carver Federal s failure to meet minimum capital requirements. In accordance with the Orders, Carver Federal and the Company are currently prohibited from paying any dividends without prior regulatory approval, and, as such, the Company has suspended the regular quarterly cash dividend on its common stock. The Company may not be permitted to resume the payment of dividends in the foreseeable future. The Orders also preclude future payment of interests on debentures related to the preferred securities issued by Carver Statutory Trust I, and, accordingly, the Company has elected to deter such payments.

The Company may not be able to utilize its income tax benefits.

The Company s ability to utilize the deferred tax asset generated by New Markets Tax Credit income tax benefits as well as other deferred tax assets depends on its ability to meet the NMTC compliance requirements and its ability to generate sufficient taxable income from operations to generate taxable income in the future. Since the Bank has not generated sufficient taxable income to utilize tax credits as they were earned, a deferred tax asset has been recorded in the Company s financial statements.

The future recognition of the Company s deferred tax asset is highly dependent upon its ability to generate sufficient taxable income. A valuation allowance is required to be maintained for any deferred tax assets that we estimate are more likely than not to be unrealizable, based on available evidence at the time the estimate is made. In assessing the Company s need for a valuation allowance, we rely upon estimates of future taxable income. Although we use the best available information to estimate future taxable income, underlying estimates and assumptions can change over time as a result of unanticipated events or circumstances influencing our projections. Valuation allowances related to deferred tax assets can be affected by changes to tax laws, statutory rates, and future taxable income levels. The Company determined that it would not be able to realize all of its net deferred tax assets in the future, as such a charge to income tax expense in the second quarter of fiscal 2011 was made. Conversely, if the Company were to determine that it would be able to realize its deferred tax assets in the future in excess of the net carrying amounts, the Company would decrease the recorded valuation allowance through a decrease in income tax expense in the period in which that determination was made.

On June 29, 2011, the Company raised $55 million of equity. The capital raise triggered a change in control under Section 382 of the Internal Revenue Code. Generally, Section 382 limits the utilization of an entity s net operating loss carry forwards, general business credits, and recognized built-in losses upon a change in ownership. The Company is subject to an annual limitation of approximately $0.9 million. The Company has a net deferred tax asset (DTA) of approximately $27.7 million. Based on management s calculations the Section 382 limitation has resulted in the absolute inability to utilize $6.1 million and therefore has reduced its DTA by this amount. The Company also continues to maintain a full valuation allowance for the remaining net deferred tax asset of $21.6 million. The Company is unable to determine how much, if any of the remaining DTA will be utilized.

The Company faces system failure risks and security risks.

The computer systems and network infrastructure that we and our third party service providers use could be vulnerable to unforeseen problems. Fire, power loss or other failures may affect the Company s computer equipment and other technology, or that of its third party service providers. Also, the Company s computer systems and network infrastructure could be damaged by hacking and identity theft which could adversely affect the results of the Company s operations, or that of its third party service providers.

The Company s business could suffer if it fails to retain skilled people.

The Company s success depends on its ability to attract and retain key employees reflecting current market opportunities and challenges. Competition for the best people is intense, and the Company s size and limited resources may

Table of Contents

present additional challenges in being able to retain the best possible employees, which could adversely affect the results of operations.

A natural disaster could harm the Company s business.

Natural disasters could harm the Company s operations directly through interference with communications, as well as through the destruction of facilities and financial information systems. Such disasters may also have an impact on collateral underlying the Bank s loans. The Company may face higher insurance costs in the event of such disasters.

Risks Associated with Securities Offered by the Selling Stockholders.

The securities will rank junior to all of our and our subsidiaries liabilities in the event of a bankruptcy, liquidation or winding up.

In the event of bankruptcy, liquidation or winding up, our assets will be available to pay obligations on the securities only after all of our liabilities have been paid. Our Common Stock will rank junior to our Series D Preferred Stock. In addition, all of our preferred stock will rank in parity with the other series of preferred stock and will effectively rank junior to all existing and future liabilities of our subsidiaries and the capital stock (other than our Common Stock) of the subsidiaries held by entities or persons other than us or entities owned or controlled by us. In addition, upon our voluntary or involuntary liquidation, dissolution or winding up, holders of Common Stock share ratably in the assets remaining after payments to creditors and provision for the preference of any preferred stock. The rights of holders of our Common Stock and our Series D Preferred Stock to participate in the assets of our subsidiaries upon any liquidation, reorganization, receivership or conservatorship of Carver Federal will rank junior to the prior claims of that Carver Federal s creditors, depositors and equity holders. As of September 30, 2011, we had total consolidated liabilities of approximately $614.2 million. In the event of bankruptcy, liquidation or winding up, there may not be sufficient assets remaining, after paying our and our subsidiaries liabilities, to pay amounts due on any or all of the Common Stock or Series D Preferred Stock then outstanding.

Treasury is a federal agency and your ability to bring a claim against Treasury under the federal securities laws may be limited.

The doctrine of sovereign immunity, as limited by the Federal Tort Claims Act (the FTCA), provides that claims may not be brought against the United States or any agency or instrumentality thereof unless specifically permitted by act of Congress. The FTCA bars claims for fraud or misrepresentation. At least one federal court, in a case involving a federal agency, has held that the United States may assert its sovereign immunity to claims brought under the federal securities laws. In addition, Treasury and its officers, agents, and employees are exempt from liability for any violation or alleged violation of the anti-fraud provisions of Section 10(b) of the Securities Exchange Act of 1934, as amended (the Exchange Act) by virtue of Section 3(c) thereof. Accordingly, any attempt to assert such a claim against the officers, agents or employees of Treasury for a violation of the Securities Act of 1933, as amended (the Securities Act), or the Exchange Act, resulting from an alleged material misstatement in or material omission from this prospectus or the registration statement of which this prospectus is a part or resulting from any other act or omission in connection with the offerings of the shares of Common Stock by Treasury would likely be barred.

Risks Associated with our Common Stock

Certain provisions of our certificate of incorporation and bylaws may prevent or impede the holders of a minority of our Common Stock from obtaining representation on our board of directors and may also prevent or impede a change in control.

Provisions in our certificate of incorporation and bylaws may prevent or impede holders of a minority of our Common Stock from obtaining representation on our board of directors. First, our board of directors is divided into three classes with staggered three-year terms. A classified board makes it more difficult for stockholders to change a majority of the directors because it generally takes at least two annual elections of directors for this to occur. Second, our certificate of incorporation provides that directors are elected by a plurality of the votes cast, which means that holder of less than a majority of our Common Stock may be able to elect directors. Third, our certificate of incorporation prohibits cumulative voting, which may make it more difficult for stockholders to elect stockholder nominees or to gain control of our board of directors. Fourth, our bylaws contain procedures and timetables for a stockholder wishing to make a nomination for the election of directors or a proposal for new business at a meeting of stockholders, the effect of which may be to give our management time to solicit its own proxies in an attempt to defeat any dissident slate of nominations if management thinks it

Table of Contents

is in the best interests of stockholders generally. Fifth, we have the ability to issue preferred stock with voting rights to third parties who may be friendly to our board of directors. Sixth, our certificate of incorporation prohibits certain transactions with stockholders, which may make it more difficult for a third party to take control of the Company. Finally, our certificate of incorporation prohibits any stockholder who holds more than 10% of our outstanding voting stock from casting a vote with respect to such shares held in excess of 10% of our outstanding voting stock. See *Description of Securities Anti-Takeover Law Provisions*. These provisions may make it less likely that a third party will be able to acquire all of our outstanding shares or engage in other transactions with the Company that would otherwise be favorable to holders of Common Stock.

In addition, our certificate of incorporation specifically permits Treasury to vote shares of our Common Stock that it holds in excess of 10% of our outstanding voting stock. Treasury currently owns approximately 62.8% of our outstanding Common Stock, which allows Treasury to control the outcome of some stockholder votes. After the conversion of all of the Series D Preferred Stock, Treasury would own approximately 25.2% of our outstanding Common Stock, which would allow Treasury to have significant influence over matters on which stockholders are asked to vote.

We are subject to a number of restrictions on our ability to pay dividends on our Common Stock.

The payment of dividends is within the discretion of our board of directors. The payment of cash dividends in the future will be contingent upon our revenues and earnings, if any, capital requirements and general financial condition. The Company Order prohibits us from paying any dividends without the prior consent of the Federal Reserve, and the Bank Order prohibits Carver Federal from paying any dividends to us without the prior consent of the OCC. We may not pay any dividends on our Common Stock if we do not simultaneously pay equivalent dividends on all outstanding Series D Preferred Stock. See *Risks Associated with our Business and Operations The Bank s ability to pay dividends or lend funds to the Company is subject to regulatory limitations which may prevent the Company from making future dividend payments or principal and interest payments on its debt obligation.*

Your voting power may be severely diluted by the issuance of additional shares of Common Stock upon the conversion of the Series D Preferred Stock.

We are authorized to issue 10,000,000 shares of Common Stock, and there are currently 3,697,328 shares of our Common Stock outstanding and 45,118 shares of our Series D Preferred Stock outstanding. If the selling stockholders sell shares of Series D Preferred Stock in certain transactions, the shares of Series D Preferred Stock automatically convert into shares of Common Stock. We will be required to issue up to 5,518,006 additional shares of Common Stock in the event that the Series D Preferred Stock converts. If this occurs, and you do not purchase additional shares of Common Stock, your ownership would be significantly diluted, up to 249% if all of the shares of Series D Preferred Stock are converted. Because the Series D Preferred Stock shares in dividends and distributions on an as-converted basis with the Common Stock, the primary effect of the issuance of additional shares of Common Stock will be on the voting power of any shares of Common Stock that you own. For example, if you purchase 10,000 shares of our Common Stock prior to the conversion of any Series D Preferred Stock, you would be entitled to vote approximately 0.27% of our outstanding Common Stock. If all of the Series D Preferred Stock subsequently converted, however, your 10,000 shares of Common Stock would represent approximately 0.11% of the Common Stock outstanding and entitled to vote. You would need to purchase an additional 14,881 shares of our Common Stock (or such number of shares of Series D Preferred Stock as would convert into 14,881 shares of our Common Stock, which at the current conversion price would be approximately 122 shares of Series D Preferred Stock) in order to maintain your ability to vote 0.27% of our outstanding Common Stock.

Our Common Stock is relatively thinly traded, and the price of our Common Stock has been declining.

The price of our Common Stock has been declining since 2008, and has experienced a particularly sharp decline over the past three fiscal quarters. In addition, our Common Stock is thinly traded. You may not be able to sell any shares of Common Stock at a price that is above your purchase price, if at all. In addition, the sale of a large number of shares of Common Stock in a short period of time, including by the selling stockholders pursuant to this prospectus, could depress the market price.

Our Common Stock may be delisted if we are not able to meet the NASDAQ continued listing requirements.

On November 30, 2011, we received notice from the NASDAQ Stock Market that the NASDAQ Hearings Panel had made a determination to transfer the listing of the Company s common stock from the NASDAQ Global Market to the NASDAQ Capital Market effective at the opening of the market on December 2, 2011. Although we believe that we are now in compliance with all continued listing requirements of The NASDAQ Capital Market, we may not be able to remain in

Table of Contents

compliance at all times. If we fail to meet the continued listing requirements, our shares of Common Stock may be delisted and we may be forced to list our shares of Common Stock on another exchange or quotation service. If this occurs, our Common Stock may become illiquid, and the price of our Common Stock may be negatively affected.

Risks Associated with our Series D Preferred Stock

You are likely to receive shares of Common Stock instead of Series D Preferred Stock due to circumstances beyond your control.

The Series D Preferred Stock automatically converts into shares of Common Stock upon the following transfers to third parties, except for transfers to any holder who purchased shares of Series C Preferred Stock in our private placement transaction or any affiliate of such holder:

- a transfer in a widespread public distribution;
- a transfer in which no transferee (together with its affiliates and other transferees acting in concert with it) acquires more than 2% of our Common Stock or any other class or series of our voting stock; or
- a transfer to a transferee that (together with its affiliates and other transferees acting in concert with it) owns or controls more than 50% of our Common Stock, without regard to the transfer.

Whether or not a transaction in which you purchase shares of Series D Preferred Stock will cause the Series D Preferred Stock to convert is largely dependent on the selling stockholder s actions and the number of other purchasers. Accordingly, when you purchase shares of Series D Preferred Stock, you may not be able to determine whether the transaction will cause the Series D Preferred Stock to convert into Common Stock and may have no ability to prevent the conversion. If the transaction in which you purchase shares of Series D Preferred Stock causes the conversion of the Series D Preferred Stock, you will receive shares of Common Stock rather than Preferred Stock. It is likely that any sale of shares of Series D Preferred Stock pursuant to this prospectus will cause the Series D Preferred Stock that is purchased to convert into shares of Common Stock.

We are subject to a number of restrictions on our ability to pay dividends on the Series D Preferred Stock.

The holders of Series D Preferred Stock are not entitled to the payment of dividends, except as and when declared by our board of directors. The payment of dividends is within the discretion of our board of directors. The payment of cash dividends in the future will be contingent upon our revenues and earnings, if any, capital requirements and general financial condition. The Company Order prohibits us from paying any dividends without the prior consent of the Federal Reserve, and the Bank Order prohibits Carver Federal from paying any dividends to us without the prior consent of the OCC. See *Risks Associated with our Business and Operations The Bank s ability to pay dividends or lend funds to the Company is*

subject to regulatory limitations which may prevent the Company from making future dividend payments or principal and interest payments on its debt obligation.

Holders of the Series D Preferred Stock will have no rights as holders of Common Stock until they acquire the Common Stock.

If you purchase shares of Series D Preferred Stock in a transaction that does not cause the Series D Preferred Stock to convert into shares of Common Stock, you will have no rights with respect to the Common Stock, including voting rights (except in limited circumstances as described under *Description of Securities Series D Preferred Stock Voting Rights* and as required by applicable law), rights to respond to tender offers and rights to receive any dividends or other distributions on the Common Stock, and the value of your investment in our Series D Preferred Stock may be negatively affected by these events. If you purchase shares of Series D Preferred Stock in a transaction that results in the conversion of the Series D Preferred Stock into shares of Common Stock, you will be entitled to exercise the rights of a holder of Common Stock only as to matters for which the record date occurs on or after the applicable conversion date. For example, in the event that an amendment is proposed to our certificate of incorporation or bylaws requiring stockholder approval and the record date for determining the shareholders of record entitled to vote on the amendment occurs prior to the conversion date, you will not be entitled to vote on the amendment, although you will be subject to any changes in the powers, preferences or special rights of our Common Stock that may occur as a result of such amendment.

Table of Contents

The conversion price of the Series D Preferred Stock may not be adjusted for all dilutive events that could adversely affect the market price of the Series D Preferred Stock or the Common Stock issuable upon conversion of the Series D Preferred Stock.

The number of shares of our Common Stock that you are entitled to receive upon conversion of a share of Series D Preferred Stock is subject to adjustment only upon the occurrence of certain events, including (1) subdivisions, splits and combinations of the Common Stock, (2) dividends or distributions in Common Stock, debt, capital stock or other assets, (3) issuances to all holders of our Common Stock of stock purchase rights or warrants, (4) increases in cash dividends, (5) certain self tender offers for Common Stock and (6) certain other events. See *Description of Securities Series D Preferred Stock Conversion*. We will not adjust the conversion price for other events, including offerings of Common Stock for cash by us or in connection with acquisitions. Certain events that adversely affect the value of the Series D Preferred Stock, but do not result in an adjustment to the conversion price, may occur. Further, if any of these other events adversely affects the market price of our Common Stock, it may also adversely affect the market price of the Series D Preferred Stock. In addition, we are not restricted from offering Common Stock in the future or engaging in other transactions that could dilute our Common Stock.

There is no market for our Series D Preferred Stock.

The Series D Preferred Stock is not eligible for listing on the NASDAQ Capital Market, and there is no current active market for the Series D Preferred Stock. An active market in the Series D Preferred Stock is not likely to develop. If you purchase shares of Series D Preferred Stock, you may not be able to sell your shares of Series D Preferred Stock at a favorable price, or at all.

USE OF PROCEEDS

We will not receive any proceeds from the sale by the selling stockholders identified in this prospectus of the Series D Preferred Stock or any of the Common Stock, including Common Stock issuable by us upon conversion of the Series D Preferred Stock. Rather, all proceeds will be received by the selling stockholders.

MARKET FOR COMMON STOCK AND OUR DIVIDEND POLICY

Our Common Stock is listed on the NASDAQ Global Market under the symbol CARV. As of June 28, 2013, we had 3,697,328 shares of Common Stock outstanding, held by approximately 1,069 shareholders of record. The following table sets forth, for the periods indicated, the high and low sales prices per share for the Common Stock as reported on the NASDAQ Capital Market (and, for periods prior to December 2, 2011, on the NASDAQ Global Market) and the cash dividends paid per common share, for the periods shown. See *Description of Securities Common Stock Dividends* for information regarding our ability to pay dividends on our Common Stock.

	High	Low	Dividends
Quarter ended June 30, 2013	$6.32	$4.17	$
Quarter ended March 31, 2013	6.00	3.66	

Quarter ended December 31, 2012	6.98	2.76	
Quarter ended September 30, 2012	8.25	2.69	
Quarter ended June 30, 2012	6.93	2.65	
Quarter ended March 31, 2012	10.99	5.00	
Quarter ended December 31, 2011	18.00	1.10	
Quarter ended September 30, 2011	18.30	6.00	
Quarter ended June 30, 2011	14.25	4.65	
Quarter ended March 31, 2011	45.90	9.15	
Quarter ended December 31, 2010	87.00	21.90	0.375
Quarter ended September 30, 2010	105.00	45.30	0.375
Quarter ended June 30, 2010	135.75	97.65	

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* Share prices and dividends prior to October 27, 2011 adjusted to reflect the 1-for-15 reverse stock split that was effective as of October 27, 2011.

Table of Contents

SELLING STOCKHOLDERS

An aggregate of up to 45,118 shares of our Series D Preferred Stock, and up to 9,047,331 shares of our Common Stock will be registered for resale by the selling stockholders under this prospectus. All of the shares of Series D Preferred Stock and Common Stock offered for resale under this prospectus were or will be issued by us pursuant to exemptions from registration under the Securities Act.

To the extent permitted by law, the selling stockholders listed below may resell shares of Series D Preferred Stock and shares of Common Stock pursuant to this prospectus. We have registered the sale of the shares of Series D Preferred Stock and Common Stock to permit the selling stockholders and their respective permitted transferees or other successors in interest that receive shares of Series D Preferred Stock or Common Stock from the selling stockholders after the date of this prospectus to resell the shares. In the following situations, any shares of Series D Preferred Stock will automatically convert into shares of Common Stock at a conversion price of $8.1765, and a person purchasing Series D Preferred Stock will receive shares of Common Stock instead of shares of Series D Preferred Stock:

- a transfer in a widespread public distribution;

- a transfer in which no transferee (together with its affiliates and other transferees acting in concert with it) acquires more than 2% of our Common Stock or any other class or series of our voting stock; or

- a transfer to a transferee that (together with its affiliates and other transferees acting in concert with it) owns of controls more than 50% of our Common Stock, without regard to the transfer.