

OFFICE OF THRIFT SUPERVISION
Washington, D.C. 20552

FORM 8-K
CURRENT REPORT

**Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported): January 26, 2007

THE WASHINGTON SAVINGS BANK, F.S.B.
(Exact name of registrant as specified in its charter)

U.S.
(State or other jurisdiction
of incorporation)

52-1271169
(IRS Employer
Identification No.)

4201 Mitchellville Road, Suite 200, Bowie, Maryland 20716
(Address of principal executive offices)

Registrant's telephone number, including area code: (301) 352-3120

Not Applicable
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 8. Other Events

Item 8.01. Other Events.

On January 24, 2007, The Washington Savings Bank, F.S.B (the “Company”), along with Randy Robey, an officer of the Company, and Stephen J. Troese, a director of the Company, entered into a Settlement Agreement with John Sullivan, in full and final settlement of pending litigation and arbitration between the parties. The parties also agreed to mutually release each other against all claims. A Stipulation of Dismissal with prejudice is expected to be filed with the U.S. District Court for the District of Maryland on or before February 2, 2007 and Judicial Arbitration and Mediation Services is expected to be notified on or before February 2, 2007 that the arbitration is to be dismissed with prejudice.

SIGNATURE

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

THE WASHINGTON SAVINGS BANK, F.S.B.
(Registrant)

/s/Randall M. Robey
Randall M. Robey
Chief Financial Officer

Date: January 26, 2007