

**UNITED STATES OF AMERICA**  
**Before The**  
**OFFICE OF THRIFT SUPERVISION**

In the Matter of	)	Order No.: WN-09-40
	)	
<b>ROBERT D. ORR</b>	)	Effective Date: November 18, 2009
	)	
Former Institution-Affiliated Party of	)	
	)	
Generations Bank	)	
Phillipsburg, Kansas	)	
OTS Docket No. 16195	)	

**ORDER OF PROHIBITION**

**WHEREAS**, Robert D. Orr (Orr) has executed a Stipulation and Consent to the Issuance of an Order of Prohibition (Stipulation); and

**WHEREAS**, Orr, by executing the Stipulation, has consented and agreed to the issuance of this Order of Prohibition (Order) by the Office of Thrift Supervision (OTS), pursuant to 12 U.S.C. § 1818(e); and

**WHEREAS**, pursuant to delegated authority, the OTS Regional Director for the Western Region (Regional Director), is authorized to issue Orders of Prohibition where the individual has consented to the issuance of an order.

**NOW, THEREFORE, IT IS ORDERED that:**

**Prohibition.**

1. Orr, except upon the prior written consent of the OTS (acting through its Director or an authorized representative thereof), and any other “appropriate Federal financial institutions regulatory agency,” for purposes of 12 U.S.C. § 1818(e)(7)(B)(ii), shall not:

- (a) hold any office in, or participate in any manner in the conduct of the affairs of, any institution or agency specified in 12 U.S.C. § 1818(e)(7)(A), including, but not limited to:
  - (i) any insured depository institution as defined in 12 U.S.C. § 1813(c);
  - (ii) any institution treated as an insured depository institution under 12 U.S.C. §§ 1818(b)(3) and 1818(b)(4), and any subsidiary thereof, or treated as a savings and loan holding company under 12 U.S.C. § 1818(b)(9), and any subsidiary thereof;
  - (iii) any insured credit union under the Federal Credit Union Act (12 U.S.C. §§ 1751 et seq.);
  - (iv) any institution chartered under the Farm Credit Act of 1971 (12 U.S.C. §§ 2001 et seq.);
  - (v) any appropriate Federal depository institution regulatory agency, within the meaning of 12 U.S.C. § 1818(e)(7)(D); and
  - (vi) the Federal Housing Finance Agency and any Federal Home Loan Bank;
- (b) solicit, procure, transfer, attempt to transfer, vote, or attempt to vote any proxy, consent, or authorization with respect to any voting rights in any institution described in 12 U.S.C. § 1818(e)(7)(A);

- (c) violate any voting agreement previously approved by the “appropriate Federal banking agency” within the meaning of 12 U.S.C. § 1813(q); or
- (d) vote for a director, or serve or act as an “institution-affiliated party,” as that term is defined at 12 U.S.C. § 1813(u), for an insured depository institution.

**Effective Date, Incorporation of Stipulation.**

2. This Order is effective on the Effective Date as shown on the first page. The Stipulation is made a part hereof and is incorporated herein by this reference.

**Duration.**

3. This Order shall remain in effect until terminated, modified, or suspended, by written notice of such action by the OTS, acting by and through its authorized representatives.

**Compliance.**

4. Orr shall promptly respond to any request from the OTS for documents to demonstrate compliance with this Order.

**IT IS SO ORDERED.**

**OFFICE OF THRIFT SUPERVISION**

By: \_\_\_\_\_ /s/  
C.K. Lee  
Regional Director, Western Region

Date: See Effective Date on page 1

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**STIPULATION AND CONSENT TO THE ISSUANCE OF AN**  
**ORDER OF PROHIBITION**

**WHEREAS**, the Office of Thrift Supervision (OTS), acting by and through its Regional Director for the Western Region (Regional Director), and based upon information derived from the exercise of its regulatory and supervisory responsibilities, has informed Robert D. Orr (Orr), a former “institution-affiliated party” of Generations Bank, Phillipsburg, Kansas, OTS Docket No. 16195 (Association), that grounds exist to initiate an administrative prohibition proceeding against him pursuant to 12 U.S.C. § 1818(e); and

**WHEREAS**, the Regional Director, pursuant to delegated authority, is authorized to issue Orders of Prohibition where the individual has consented to the issuance of an order; and

**WHEREAS**, Orr desires to cooperate with the OTS and to avoid the time and expense of such administrative prohibition proceeding by entering into this Stipulation and Consent to the

Issuance of an Order of Prohibition (Stipulation) and, without admitting or denying that such grounds exist, or the Findings of Fact or opinions and conclusions of the OTS, but only admitting the statements and conclusions in Paragraphs 1 - 3 below concerning Jurisdiction, hereby stipulates and agrees to the following:

**Jurisdiction.**

1. The Association is a “savings association” within the meaning of 12 U.S.C. § 1813(b) and 12 U.S.C. § 1462(4). Accordingly, the Association is an “insured depository institution” as that term is defined in 12 U.S.C. § 1813(c).
2. Orr was the Chairman of Brooke Corporation, the top-tier holding company of the Association, and participated in the conduct of the affairs of the Association. Accordingly, Orr was an “institution-affiliated party” of the Association, as defined in 12 U.S.C. § 1813(u), and he engaged in such conduct within six (6) years of the Effective Date as shown on the first page (see 12 U.S.C. § 1818(i)(3)).
3. Pursuant to 12 U.S.C. § 1813(q), the Director of the OTS is the “appropriate Federal banking agency” with jurisdiction to maintain an administrative prohibition proceeding against savings associations and institution-affiliated parties. Therefore, Orr is subject to the jurisdiction of the OTS to initiate and maintain an administrative prohibition proceeding against him pursuant to 12 U.S.C. § 1818(e).

**OTS Findings of Fact.**

4. The OTS finds, based upon information obtained by the OTS through the exercise of its

regulatory responsibilities, that Orr participated in the conduct of the affairs of the Association. Orr, as former Chairman of Board of Directors of Brooke Corporation, the top tier holding company of the Association, personally directed senior management at the Association to participate in a series of loan transactions with other financial institutions, which violated the transactions with affiliates regulation, 12 C.F.R. § 563.41, since each series of transactions directly benefited Brooke Corporation and Aleritas Capital Corporation (Aleritas), a franchisee lending subsidiary of Brooke Corporation. Orr also participated in unsafe or unsound practices in connection with the Association with respect to these transactions since the transactions were conducted without proper underwriting, without loan committee approval, and in contravention of the June 13, 2008 Supervisory Directive issued by OTS against the Association, which caused a loss to the Association. In addition, Orr participated in unsafe or unsound practices in connection with the Association by allowing the Association accounts of Brooke Holdings, Inc., Brooke Corporation, and a Brooke Corporation subsidiary to become overdrawn in amounts ranging from \$611,928.00 to a high of \$1,394,308.00 without the Association billing or collecting overdraft fees or accruing and recording interest charges to those accounts, which also caused a loss to the Association.

5. Accordingly:

- (a) Orr has, directly or indirectly, violated (as defined in 12 U.S.C. § 1813(v)) a law or regulation, and/or a final cease-and-desist order, and/or a condition imposed in writing by a Federal banking agency in connection with the grant of an application or other request by the Association, and/or any written agreement between the Association and the

OTS; and/or engaged or participated in any unsafe or unsound practices in connection with the Association; and/or committed or engaged in any act, omission, or practice which constitutes a breach of his fiduciary duty;

(b) and, by reason of such violation, practice, or breach by Orr, the Association has suffered or will probably suffer financial loss or other damage; and/or the interests of the Association's depositors have been or could be prejudiced; and/or Orr has received financial gain or other benefit by reason of such violation, practice, or breach;

(c) and, such violation, unsafe or unsound practice, or breach by Orr involves personal dishonesty on the part of Orr; and/or demonstrates willful or continuing disregard by Orr for the safety or soundness of the Association.

**Consent.**

6. Orr consents to the issuance by the OTS of the accompanying Order of Prohibition (Order). Orr further agrees to comply with the terms of the Order upon the Effective Date of the Order and stipulates that the Order complies with all requirements of law.

**Finality.**

7. The Order is issued by the OTS under 12 U.S.C. § 1818(e). Upon the Effective Date it shall be a final order, effective and fully enforceable by the OTS under the provisions of 12 U.S.C. § 1818(i).

**Waivers.**

8. Orr waives the following:

- (a) the right to be served with a written notice of the OTS's charges against him as provided by 12 U.S.C. § 1818(e) and 12 C.F.R. Part 509;
- (b) the right to an administrative hearing of the OTS's charges against him as provided by 12 U.S.C. § 1818(e) and 12 C.F.R. Part 509;
- (c) the right to seek judicial review of the Order, including, without limitation, any such right provided by 12 U.S.C. § 1818(h), or otherwise to challenge the validity of the Order; and
- (d) any and all claims against the OTS, including its employees and agents, and any other governmental entity for the award of fees, costs or expenses related to this the OTS enforcement matter and/or the Order, whether arising under common law, federal statutes or otherwise.

**OTS Authority Not Affected.**

9. Nothing in this Stipulation or accompanying Order shall inhibit, estop, bar, or otherwise prevent the OTS from taking any other action affecting Orr if, at any time, the OTS deems it appropriate to do so to fulfill the responsibilities placed upon the OTS by law.

**Other Governmental Actions Not Affected.**

10. Orr acknowledges and agrees that his consent to the issuance of the Order is solely for the purpose of resolving the matters addressed herein, consistent with Paragraph 9 above, and does not otherwise release, discharge, compromise, settle, dismiss, resolve, or in any way affect any

actions, charges against, or liability of Orr that arise pursuant to this action or otherwise, and that may be or have been brought by any governmental entity other than the OTS.

**Acknowledgment of Criminal Sanctions.**

11. Orr acknowledges that the Stipulation and Order are subject to the provisions of 12 U.S.C. § 1818(j), which includes potential imprisonment of not more than five (5) years and/or a fine of not more than \$1,000,000 for his knowing participation, directly or indirectly, in any manner, in the conduct of the affairs of an institution as set forth in the Order.

**Miscellaneous.**

12. The laws of the United States of America shall govern the construction and validity of this Stipulation and the Order.

13. If any provision of this Stipulation and/or the Order is ruled to be invalid, illegal, or unenforceable by the decision of any Court of competent jurisdiction, the validity, legality, and enforceability of the remaining provisions hereof shall not in any way be affected or impaired thereby, unless the Regional Director in his or her sole discretion determines otherwise.

14. All references to the OTS in this Stipulation and the Order shall also mean any of the OTS's predecessors, successors, and assigns.

15. The section and paragraph headings in this Stipulation and the Order are for convenience only and shall not affect the interpretation of this Stipulation or the Order.

16. The terms of this Stipulation and the Order represent the final agreement of the parties with respect to the subject matters hereof, and constitute the sole agreement of the parties with respect to such subject matters.

17. This Stipulation and the Order shall remain in effect until terminated, modified, or suspended in writing by the OTS, acting through its Regional Director, or other authorized representative.

**WHEREFORE**, Orr executes this Stipulation.

Accepted by:

**ROBERT D. ORR**

**OFFICE OF THRIFT SUPERVISION**

By: \_\_\_\_\_ /s/ \_\_\_\_\_  
Robert D. Orr

By: \_\_\_\_\_ /s/ \_\_\_\_\_  
C.K. Lee  
Regional Director, Western Region

Date: See Effective Date on page 1