

UNITED STATES OF AMERICA
BEFORE
THE BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM
WASHINGTON, D.C.

In the Matter of

GREGORY L. FANKHAUSER

A former institution affiliated party
of Heritage Bank,
Topeka, Kansas.

Docket No. 10-110-E-I

Order of Prohibition
Issued Upon Consent
Pursuant to Section 8(e) of the
Federal Deposit Insurance Act,
as Amended.

WHEREAS, pursuant to sections 8(e) and (i)(3) of the Federal Deposit Insurance Act, as amended (the "FDI Act"), 12 USC §§ 1818 (e) and (i)(3), the Board of Governors of the Federal Reserve System (the "Board of Governors") issues this Order of Prohibition upon the consent of Gregory L. Fankhauser, a former President, Chief Executive Officer, and institution-affiliated party, as defined in section 3(u) of the FDI Act, 12 U.S.C. § 1813(u), of Heritage Bank (the "Bank"), Topeka, Kansas, a state member bank;

WHEREAS, Fankhauser allegedly engaged in unsafe and unsound practices, breaches of fiduciary duty and violations of law and regulation, including 18 U.S.C. § 1005, by changing loan terms without obtaining proper authorization from the Bank, thereby causing the Bank to file false call reports that understated the level of past due and nonaccrual loans.

WHEREAS, by affixing his signature hereunder, Fankhauser has consented to the issuance of this Order of Prohibition by the Board of Governors and has consented to comply with each and every provision of this Order, and has waived any and all rights he might have pursuant to 12 U.S.C. § 1818 or 12 C.F.R. Part 263, or otherwise, (a) to the issuance of an intent

to prohibit and on any matter implied or set forth in this Order; (b) to a hearing for the purpose of taking evidence with respect to any matter implied or set forth in this Order; (c) to obtain judicial review of this Order or any provision hereof; and (d) to challenge or contest in any matter the basis, issuance, validity, terms, effectiveness, or enforceability of this Order or any provision hereof;

NOW, THEREFORE, prior to taking any testimony or adjudication of or finding on any issue of fact or law implied or set forth herein, and without this Order constituting an admission by Fankhauser of any allegation made or implied by the Board of Governors in connection with this proceeding, and solely for the purpose of settlement of this proceeding without protracted or extended hearings or testimony:

IT IS HEREBY ORDERED, pursuant to sections 8(e) and (i)(3) of the FDI Act, 12 U.S.C. §§ 1818(e) and (i)(3), that:

1. Fankhauser, without the prior written approval of the Board of Governors and, where necessary pursuant to section 8(e)(7)(B) of the FDI Act, 12 U.S.C. § 1818(e)(7)(B), another Federal financial institutions regulatory agency, is hereby and henceforth prohibited from:

(a) participating in any manner in the conduct of the affairs of any institution or agency specified in section 8(e)(7)(A) of the FDI Act, 12 U.S.C. § 1818(e)(7)(A), including, but not limited to, any insured depository institution or holding company of an insured depository institution;

(b) soliciting, procuring, transferring, attempting to transfer, voting or attempting to vote any proxy, consent, or authorization with respect to any voting rights in any institution described in section 8(e)(7)(A) of the FDI Act, 12 U.S.C. § 1818(e)(7)(A);

(c) violating any voting agreement previously approved by any Federal banking agency; or

(d) voting for a director, or serving or acting as an institution-affiliated party, such as an officer, director, or employee in any institution described in section 8(e)(7)(A) of the FDI Act, 12 U.S.C. § 1818(e)(7)(A).

2. All communications regarding this Order shall be addressed to:

(a) Richard M. Ashton, Esq.
Deputy General Counsel
Board of Governors of
the Federal Reserve System
20th & C Sts. N.W.
Washington, DC 20551

(b) Gregory L. Fankhauser
[REDACTED]
Topeka, Kansas 66604

3. Any violation of this Order shall separately subject Fankhauser to appropriate civil or criminal penalties, or both, under sections 8(i) and (j) of the FDI Act, 12 U.S.C. §§ 1818(i) and (j).

4. The provisions of this Order shall not bar, estop, or otherwise prevent the Board of Governors, or any Federal or state agency or department from taking any other action affecting Fankhauser, provided, however, that the Board of Governors shall not take any further action against Fankhauser based upon information presently known by the Board of Governors relating to the matters set forth herein.

5. Each provision of this Order shall remain effective and enforceable until stayed, modified, terminated, or suspended in writing by the Board of Governors.

By order of the Board of Governors of the Federal Reserve System, effective this
3rd day of June, 2010.

BOARD OF GOVERNORS OF THE
FEDERAL RESERVE SYSTEM



Gregory L. Fankhauser

By:



Jennifer J. Johnson
Secretary of the Board