



March 3, 2015

**Conditional Approval #1121  
April 2015**

Mr. Patrick Murphy  
Godfrey & Kahn, S.C.  
780 North Water Street  
Milwaukee, Wisconsin 53202-3590

Re: WPS Community Bank, FSB, Madison, Wisconsin  
Transfer of Assets, Voluntary Dissolution and Capital Distribution Applications  
OCC Control Nos. R3-2015-0006, -0007 and -0024  
Charter No. 718100

Dear Mr. Murphy:

The Office of the Comptroller of the Currency (OCC) hereby conditionally approves the Transfer of Assets Application, the Capital Distribution Application, and Voluntary Dissolution Application (collectively, Applications) filed by WPS Community Bank, FSB, Madison, Wisconsin (Bank). The Bank is a federal stock savings bank that is wholly-owned by Wisconsin Physicians Service Insurance Corporation, a savings and loan holding company (Holding Company). The OCC received the Transfer of Assets Application and the Voluntary Dissolution Applications on January 20, 2015, and the Capital Distribution Application on February 9, 2015. The Applications were also supplemented with additional information on subsequent dates.

The OCC reviewed the Applications in accordance with applicable laws, regulations, and OCC policy. Based on a thorough review of all available information, including the representations and commitments made in the Applications and by the Bank's representative, the OCC has concluded that the Applications satisfy the applicable approval standards, provided the Bank complies with the conditions set forth herein. The OCC's approval is subject to the consummation requirements and conditions set forth herein.

**The Proposed Transfer of Assets and Plan of Dissolution**

The Bank and the Holding Company entered into a Purchase and Assumption Agreement (P&A Agreement), dated October 14, 2014, with Starion Financial, Bismarck, North Dakota, a state-chartered bank (Starion). The Bank's Board of Directors approved the Plan of Voluntary Dissolution (Dissolution Plan) by unanimous written consent dated February 27, 2015. The Dissolution Plan and the P&A Agreement provide for, among other things: (1) the transfer of substantially all assets to, and the assumption of liabilities and deposit accounts by, Starion

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(Transfer of Assets Transaction),<sup>1</sup> and (2) the termination of the Bank's corporate existence and dissolution of the Bank with liquidating distributions to the Holding Company.

The Applications include an Assignment and Assumption of Liabilities agreement that provides that the Holding Company assumes all liabilities and obligations of the Bank, known and unknown, that have not otherwise been assumed by Starion, pursuant to the P&A Agreement.

### **Transfer of Assets**

The OCC has reviewed the Transfer of Assets Application under 12 C.F.R. § 163.22(d), which requires the OCC to consider: (i) the impact of the transaction on a federal savings association's capital level; (ii) the federal savings association's financial and managerial resources; (iii) the future prospects of the federal savings association; (iv) the convenience and needs of the communities to be served; (v) the conformity of the transaction to applicable law, regulation and supervisory policies; and (vi) the fairness and disclosure concerning the transaction. The OCC considered these factors and found them consistent with approval, subject to the conditions set forth herein.

### **Capital Distribution**

The Capital Distribution Application, filed pursuant to 12 C.F.R. Part 163, Subpart E, is for the Bank to issue liquidating dividends to the Holding Company, consisting of assets not transferred pursuant to the P&A Agreement, or otherwise disposed of as discussed above, and any proceeds of the Transfer of Assets Transaction.

Pursuant to 12 C.F.R. § 163.146, the OCC reviews a capital distribution application under the review procedures in 12 C.F.R. Part 116, Subpart E, and will deny a capital distribution application in whole or in part if the proposed distribution would: (i) cause the federal savings association to become undercapitalized;<sup>2</sup> (ii) raise safety and soundness concerns; or (iii) violate any statute, regulation, agreement between the Bank and the OCC or OTS, or violates a condition imposed on the federal savings association by the OCC or OTS in the approval of the application or notice.<sup>3</sup>

The OCC has reviewed the Bank's Capital Distribution Application pursuant to the terms of 12 C.F.R. § 163.146 and concludes that approval is consistent with the regulations, subject to the conditions set forth herein.

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<sup>1</sup> On December 17, 2014, the Federal Deposit Insurance Corporation approved Starion's application to acquire the Bank's assets and assume the liabilities pursuant to the P&A Agreement.

<sup>2</sup> If this factor is met, the OCC may still approve the capital distribution request if it determines that the capital distribution is permitted under 12 U.S.C. § 1831o(d)(1)(B).

<sup>3</sup> If this factor is met, the OCC may still determine whether it may permit the proposed capital distribution notwithstanding the violation. 12 C.F.R. § 163.146(c).

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### **Voluntary Dissolution**

The Voluntary Dissolution Application, filed pursuant to 12 C.F.R. § 146.4, is for the Bank to voluntarily dissolve following the consummation of the Transfer of Assets Transaction. The OCC has reviewed the Voluntary Dissolution Application pursuant to 12 C.F.R. § 146.4, which provides that the OCC may approve a dissolution plan if the OCC believes the plan is advisable and best for all concerned. The OCC has reviewed the Bank's Voluntary Dissolution Application pursuant to the terms of 12 C.F.R. § 146.4 and concludes that approval is consistent with the regulations, subject to the conditions set forth herein.

### **1818 Conditions**

The OCC approves the Applications subject to the following conditions:

1. No later than three business days prior to the date of consummation of the Transfer of Assets Transaction, the Bank must submit to the OCC a copy of the executed Assumption Agreement by the Holding Company, in substantially the same form as the draft submitted to the OCC on February 7, 2015, or as otherwise acceptable to the OCC;
2. No later than three business days prior to consummation of the Transfer of Assets Transaction, the Bank shall publish notice of its dissolution, in substantially the same form as the draft submitted to the OCC on February 12, 2015, in a local newspaper of general circulation and furnish the OCC with proof of such publication;
3. If the Bank is not dissolved in the manner contemplated in the Applications within seven calendar days of the consummation of the Transfer of Assets Transaction, the Bank shall immediately notify the OCC and submit and adhere to a plan acceptable to the OCC to wind up the Bank's affairs and terminate its status as a Federal savings association; and
4. The Bank shall not complete any Capital Distribution(s) until all conditions herein are met.

The conditions of this approval are conditions "imposed in writing by a Federal banking agency in connection with any action on any application, notice, or other request" within the meaning of 12 U.S.C. § 1818. As such, the conditions are enforceable under 12 U.S.C. § 1818.

### **Consummation Requirements**

On the business day prior to the date of the consummation of the Transfer of Assets Transaction, the chief financial officer of the Bank must certify in writing to the Director for District Licensing (DDL) that no material adverse events or material adverse changes have occurred with respect to the financial condition or operation of the Bank as disclosed in the Applications. If additional information having a material adverse effect on any feature of the Applications is brought to the attention of the Bank or the OCC since the date of the financial statements

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submitted with the Applications, the Bank must not consummate the Transfer of Assets Transaction, any Capital Distribution, or the Voluntary Dissolution, as applicable, unless the information is presented to the DDL and the DDL provides written non-objection to the consummation of the Transfer of Assets Transaction, any Capital Distributions, or the Voluntary Dissolution, as applicable.

The approvals set forth herein are granted based on our understanding that other regulatory approvals, non-objections or waivers with respect to the proposed transactions will have been received prior to consummating the transactions. Unless a timeframe is otherwise stated below, please ensure that you submit the following information to Licensing prior to the consummation of the dissolution:

- Copies of all regulatory approvals not previously submitted prior to the Transfer of Assets Transaction;
- Copy of the written consent of the Bank's shareholder to the proposed transactions prior to the Transfer of Assets Transaction;
- Return of Reports of Examination, or certification that Reports of Examination were properly disposed of;
- No later than five business days after the date of the consummation of the Transfer of Assets Transaction, Capital Distribution, and Voluntary Dissolution, a certification must be filed with Licensing stating the effective date of each transaction. The certification must specify the transaction, or transactions, that were consummated and that such transactions were completed in accordance with all applicable laws and regulations, the Applications, and this letter; and
- No later than five business days after the date of the consummation of the Voluntary Dissolution, all official copies of the federal charter must be returned to Licensing.

If the transactions are not consummated within 120 calendar days of the approval date, the approval shall automatically terminate, unless the OCC grants an extension for good cause.

These approvals and the activities and communications by OCC employees in connection with the filings do not constitute a contract, express or implied, or any other obligation binding upon the OCC, the United States, any agency or entity of the United States, or any officer or employee of the United States, and do not affect the ability of the OCC to exercise its supervisory, regulatory and examination authorities under applicable law and regulations. Our approval is based on the Bank's representations, submissions, and information available to the OCC as of this date. The OCC may modify, suspend or rescind this decision if a material change in information on which the OCC relied occurs prior to the date of the transaction to which this decision pertains. The foregoing may not be waived or modified by any employee or agent of the OCC or the United States.

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A separate letter is enclosed requesting your feedback on how the OCC handled your application. We would appreciate your response so we may continue to improve our service.

If you have any questions, please contact John O'Brien, Senior Licensing Analyst, Central District Licensing Division, at (312) 660-8720.

Sincerely,

*signed*

Stephen A. Lybarger  
Deputy Comptroller for Licensing

Enclosure