

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

In the Matter of	}	Docket No. 07-008-G-I
WILLIAM R. KAHLER	}	Order of Prohibition
A Former Institution-Affiliated	}	Issued Upon Consent
Party of Primebank, LeMars, Iowa	}	Pursuant to Section 8(g)(1)(C)
	}	of the Federal Deposit Insurance
	}	Act, as Amended

WHEREAS, pursuant to section 8(g)(1)(C) of the Federal Deposit Insurance Act, as amended (the "FDI Act"), 12 U.S.C. § 1818(g)(1)(C), the Board of Governors of the Federal Reserve System (the "Board of Governors") issues this Order of Prohibition upon the consent of William R. Kahler, a former employee and institution-affiliated party, as defined in section 3(u) of the FDI Act, 12 U.S.C. § 1813(u), of Primebank, LeMars, Iowa (the "Bank"), a state member bank, relating to Kahler's conviction for violating 18 U.S.C. § 1005 during his previous employment as a loan officer at Iowa-Nebraska State Bank in Sioux City, Iowa ("I-N Bank"), a financial institution insured by the Federal Deposit Insurance Corporation (the "FDIC"), by making false entries in I-N Bank records with intent to defraud or deceive;

WHEREAS, on September 20, 2005, a Grand Jury in the United States District Court for the Northern District of Iowa (Western Division) filed a two-count indictment (the "Indictment") charging that Kahler, in or about April 2003, acting in his then-capacity as a loan officer of I-N Bank, violated 18 U.S.C. § 1005 by making false entries in the books and records of I-N Bank, and participating, sharing in, or receiving money or

benefits through a loan, with the intent to defraud I-N Bank or deceive its officers or the FDIC;

WHEREAS, on October 20, 2005, the Board of Governors issued a Notice of Suspension and Prohibition Issued Upon Consent Pursuant to Section (8)(g)(1)(A) of the Federal Deposit Insurance Act, as Amended (the "Notice") whereby Kahler, without admitting any allegations, consented to be suspended from his position as an employee of the Bank and agreed not to participate in the affairs of the Bank pending disposition of the Indictment;

WHEREAS, the Bank terminated Kahler from his position with the Bank on March 21, 2006;

WHEREAS, following a jury trial Kahler was found guilty on Count One of the Indictment, which charged him with making false entries in the records of I-N Bank with intent to defraud and deceive, in violation of 18 U.S.C. § 1005, but was found not guilty on Count Two of the Indictment, which charged him with participating, sharing in, or receiving money or benefits through an I-N Bank loan with intent to defraud;

WHEREAS, on August 1, 2006, a judgment of conviction was entered against Kahler by the United States District Court for the Northern District of Iowa on Count One of the Indictment;

WHEREAS, Kahler was convicted of violating 18 U.S.C. § 1005, a crime that involves dishonesty or breach of trust within the meaning of section 8(g)(1)(A)(i) of the FDI Act, and which is punishable by a term of imprisonment exceeding one year, based on his conduct at I-N Bank. Kahler's participation posed, poses, or may pose a threat to the interests of the depositors of, or threatened, threatens, or may threaten to impair

public confidence in the Bank, a "relevant depository institution," as defined in section 8(g)(1)(E) of the FDI Act.

WHEREAS, Kahler was sentenced to serve ten months⁷ incarceration commencing on October 2, 2006, five months to be served in prison and the remaining five months to be served in home detention subject to electronic monitoring as a condition of supervised release, and was further sentenced to pay a \$2,500 fine;

WHEREAS, the time for appealing the judgment of conviction against Kahler has now passed without any appeal having been filed, and such judgment is therefore not subject to further appellate review;

WHEREAS, the suspension and prohibition issued against Kahler pursuant to the Notice dated October 20, 2005 has expired pursuant to its express terms, and pursuant to 12 U.S.C. § 1818(g)(1)(B)(ii), due to the final disposition of the Indictment;

WHEREAS, the Board of Governors has determined that an order should be issued pursuant to 12 U.S.C. § 1818(g)(1)(C) permanently prohibiting Kahler from participating in the affairs of the Bank; and

WHEREAS, by affixing his signature hereunder, Kahler has consented to the issuance of this Order by the Board of Governors, has agreed 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 an informal hearing before the Board of Governors pursuant to section 8(g)(3) of the FDI Act, 12 U.S.C. § 1818(g)(3), and section 263.72 of the Rules of Practice for Hearings of the Board of Governors, 12 C.F.R. § 263.72; (b) to obtain judicial review of this Order or any

provision hereof; and (c) to challenge or contest in any manner the basis, issuance, terms, validity, effectiveness or enforceability of this Order or any provision hereof.

NOW, THEREFORE, without this Order constituting an admission by Kahler of any allegation made or implied by the Eoard of Governors in connection with this proceeding, and solely for the purpose of settlement of this proceeding without protracted hearings or testimony:

IT IS HEREBY ORDERED, pursuant to sections 8(g)(1)(C) and (e)(7)(A) of the FDI Act, 12 U.S.C. §§ 1818(g)(1)(C) and (e)(7)(A), that:

1. Kahler, 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 any 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, as defined in section 3(u) of the FDI Act, 12 U.S.C. § 1813 (u), 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
Deputy General Counsel
Board of Governors of the Federal Reserve System
20th & C Streets, N.W.
Washington, D.C. 20551

(b) William R. Kahler
254 Firetham Trail
Dakota Dunes, South Dakota 57049

3. Any violation of this Order shall separately subject Kahler 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 other Federal or state agency or department, from taking any other action affecting Kahler.

5. Each provision of this Order shall remain fully effective and enforceable until expressly 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 30th day of May, 2007.

BOARD OF GOVERNORS OF THE
FEDERAL RESERVE SYSTEM

 /s/
William R. Kahler

By: /s/
Jennifer J. Johnson
Secretary of the Board