

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

In the Matter of)	Docket No. 04-020-G-I
Kenneth M. Matzdorff,)	Notice of Prohibition
An Institution-Affiliated Party of)	Issued Upon Consent Pursuant to
Garden City Bancshares, Inc.,)	Section 8(g)(A) of the Federal
Garden City, Missouri,)	Deposit Insurance Act, as
a Bank Holding Company.)	Amended

WHEREAS, pursuant to Section 8(g)(1)(A) of the Federal Deposit Insurance Act, as amended (the "FDI Act") (12 U.S.C. § 1818(g)(1)(A)), the Board of Governors of the Federal Reserve System (the "Board of Governors") issues this Consent Notice of Prohibition (the "Consent Notice") against Kenneth M. Matzdorff ("Matzdorff"), an institution-affiliated party, as defined in Sections 3(u) and 8(b)(3) of the FDI Act (12 U.S.C. §§ 1813(u) and 1818(b)(3)), of Garden City Bancshares, Inc., Garden City, Missouri ("Bancshares"), a registered bank holding company, which owns or controls a majority of the voting shares of the Garden City Bank, Garden City, Missouri (the "Bank"), a State non-member bank insured by the Federal Deposit Insurance Corporation;

WHEREAS, Matzdorff was charged in a criminal complaint in the United States District Court for the Eastern District of New York with the following criminal offenses:

- (i) conspiring to conduct or attempting to conduct financial transactions, affecting interstate and foreign commerce, which in

fact involved the proceeds of specified unlawful activity in violation of 18 U.S.C. § 1341 (mail fraud); 18 U.S.C. § 1343 (wire fraud); and 18 U.S.C. § 1029(a)(5) (credit card fraud); and

(ii) conspiring to conduct or attempting to conduct financial transactions which in fact involved the proceeds of specified unlawful activity, knowing that the property involved in the financial transactions represented the proceeds of some form of unlawful activity, with the intent to promote the carrying on of specified unlawful activity, and knowing that the transactions were designed in whole or in part to conceal or disguise the nature, the location, the source, the ownership, or the control of the proceeds of specified unlawful activity in violation of 18 U.S.C. §§ 1956(h), 1956(a)(1)(A)(i), and 1956(a)(1)(B)(i)(money laundering);

WHEREAS, the violations of 18 U.S.C. §§ 1341, 1343, 1029(a)(5) set forth above are each crimes involving dishonesty or breach of trust that are punishable by imprisonment for a term exceeding one year under Federal law within the meaning of Section 8(g)(1)(A)(i) of the FDI Act (12 U.S.C. § 1818(g)(1)(A)(i));

WHEREAS, the violations of 18 U.S.C. §§ 1956(h), 1956(a)(1)(A)(i), and 1956(a)(1)(B)(i) set forth above are criminal violations specified in Section 8(g)(1)(A)(ii) of the FDI Act (12 U.S.C. § 1818(g)(1)(A)(ii));

WHEREAS, pursuant to Rule 4 of the Federal Rules of Criminal Procedure, the affidavit in support of Matzdorff's arrest warrant dated July 22, 2004 is a complaint within the meaning of Section 8(g)(1)(A) of the FDI Act (12 U.S.C. § 1818(g)(1)(A));

WHEREAS, Matzdorff has resigned from his positions as an officer and director of the Bank and Bancshares, but continues to own a majority of the shares of Bancshares;

WHEREAS, Matzdorff's continued ownership of a majority of the shares of Bancshares, which controls the Bank, may pose a threat to the interests of the Bank's

depositors in that Matzdorff's ability to vote the shares of the Bank and Bancshares may enable him to have undue influence over the directors, management and operations of the Bank;

WHEREAS, Matzdorff's continued ownership of a majority of the shares of Bancshares, which controls the Bank, may threaten to impair public confidence in the Bank and Bancshares in that the criminal charges set forth above have generated adverse publicity in the Bank's market area and elsewhere with respect to Matzdorff, his ownership of the Bank and Bancshares, and his alleged connection to organized crime, and while criminal charges are pending against Matzdorff, there is likely to be additional adverse publicity regarding Matzdorff's ownership of the Bank and Bancshares, and his alleged connection to organized crime; and

WHEREAS, by affixing his signature hereunder, Matzdorff has consented to the issuance of this Consent Notice by the Board of Governors, has agreed to comply with each and every provision of this Consent Notice, and has waived any and all rights he might otherwise 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 (the "Rules of Practice") (12 C.F.R. § 263.72); (b) to obtain judicial review of this Consent Notice or any provision hereof; and (c) to challenge or contest in any manner the basis, issuance, validity, effectiveness or enforceability of this Consent Notice or any provision hereof.

NOW THEREFORE, the Board of Governors, pursuant to Section 8(g)(1)(A) of the FDI Act and Section 263.71 of the Rules of Practice, hereby issues this Consent Notice and orders that:

1. Matzdorff is hereby prohibited from participating in any manner in the conduct of the affairs of Bancshares.
2. The prohibition set forth above shall remain in effect until the criminal charges referred to in the second WHEREAS clause above (or in any superseding complaint, information or indictment containing charges of a similar nature) are finally disposed of or until modified, terminated, suspended, or set aside by the Board of Governors.
3. A copy of this Consent Notice shall be served upon Bancshares and the Bank.
4. Any violation of this Consent Notice shall subject Matzdorff to sanctions under Section 8 of the FDI Act (12 U.S.C § 1818).
5. All communication regarding this Consent Notice shall be addressed to:
 - a. Richard M. Ashton
Associate General Counsel
Board of Governors of the Federal Reserve System
20th & C Sts., NW
Washington, DC 20551
 - b. Kenneth M. Matzdorff
17074 South Demi Drive
Belton, MO 64012

By Order of the Board of Governors of the Federal Reserve System,
effective this ^{23rd} day of August, 2004.

Board of Governors of the
Federal Reserve System

Kenneth M. Matzdoff
Kenneth M. Matzdoff

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