

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

_____ )	
In the Matter of )	
William R. Kahler, )	
An Institution-Affiliated Party of )	Docket No. 05-031-G-I
Primebank, )	Notice of Suspension and Prohibition
LeMars, Iowa )	Issued Upon Consent Pursuant to
_____ )	Section (8)(g)(1)(A) of the
	Federal Deposit Insurance Act, as
	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 Suspension and Prohibition (the “Consent Notice”) against William R. Kahler (“Kahler”) an 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-chartered bank that is a member of the Federal Reserve System;

WHEREAS, Kahler was charged in a criminal complaint, dated August 25, 2005 (Case No. 05-MJ-0140), filed in the United States District Court for the Northern District of Iowa, with two felony violations of 18 U.S.C. § 1005 involving making false entries in the books and records of a bank, and participating, sharing in, or receiving money or benefits through a loan, with the intent to defraud the bank or deceive its officers or the FDIC;

WHEREAS, on September 20, 2005, a Grand Jury in the United States District Court for the Northern District of Iowa (Western Division) filed an indictment (the "Indictment") charging that Kahler, in or about April 2003, acting in his capacity as a loan officer of Iowa-Nebraska State Bank ("I-N Bank"), a financial institution insured by the Federal Deposit Insurance Corporation (the "FDIC"), committed two violations of 18 U.S.C. § 1005;

WHEREAS, Count 1 of the Indictment charges that Kahler knowingly made a false entry in the books, reports or statements of the I-N Bank with the intent to defraud the I-N Bank, and deceive the I-N Bank and its officers, the FDIC, and agents or examiners of the FDIC; and Count 2 of the Indictment charges that Kahler knowingly, and with the intent to defraud the I-N Bank, participated, shared in, or received, directly or indirectly, money, profit, property or benefits through a transaction, loan, commission, contract, or other act of the I-N Bank;

WHEREAS, the violations of 18 U.S.C. §1005 set forth above are crimes involving breach of trust or dishonesty that are punishable by imprisonment for a term exceeding one year under Federal law within the meaning of Section 8(g)(1)(A) of the FDI Act (12 U.S.C. § 1818(g)(1)(A));

WHEREAS, Kahler is currently employed as a loan officer of the Bank and Kahler's continued service may pose a threat to the interests of the Bank's depositors because the Indictment charges that Kahler was "acting in the role of loan officer" when he committed the felony violations of 18 U.S.C. § 1005, and Kahler's current position as a loan officer poses the same risks to the Bank as the risks posed during the alleged criminal misconduct;

WHEREAS, Kahler's continued service as a loan officer of the Bank may threaten to impair public confidence in the Bank in that the criminal charges described above have generated adverse publicity in the Bank's market area, and Kahler's jury trial, scheduled to commence December 5, 2005 in U.S. District Court in Sioux City, Iowa, approximately 25 miles from LeMars, Iowa, is likely to generate additional adverse publicity regarding Kahler's alleged commission of fraudulent acts as a loan officer at I-N Bank and his current employment as a loan officer at the Bank;

WHEREAS, by affixing his signature hereunder, Kahler 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**, without this Consent Notice constituting an admission by Kahler of any allegation made or implied by the Board of Governors, the Board of Governors, pursuant to Section 8(g)(1)(A) of the FDI Act (12 U.S.C. § 1818(g)(1)(A)), and Section 263.71 of the Rules of Practice, hereby issues this Consent Notice and orders that:

1. Kahler is hereby suspended from his position as an employee of the Bank.
2. Kahler is hereby prohibited from participating in any manner in the conduct of the affairs of the Bank.
3. The suspension and prohibition set forth above shall remain in effect until the Indictment referred to in the third WHEREAS clause above (or in any superseding complaint, information or indictment containing charges of a similar nature) is finally disposed of, or until terminated by the Board of Governors.
4. A copy of this Consent Notice shall be served upon the Bank.
5. Any violation of this Consent Notice shall subject Kahler to sanctions under Section 8 of the FDI Act (12 U.S.C § 1818).
6. All communication regarding this Consent Notice shall be addressed to:

a. Richard M. Ashton  
Deputy General Counsel  
Board of Governors of the Federal Reserve System  
20<sup>th</sup> & C Sts., NW  
Washington, D.C. 20551

b. William R. Kahler  
~~4201 Denice Ct., Apt. 507~~ 254 Firethorn trail  
~~Sioux City, IA 51104~~ Dakota Dunes, South Dakota  
57049.

By Order of the Board of Governors of the Federal Reserve System,  
effective this 20<sup>th</sup> day of October, 2005.

Board of Governors of the  
Federal Reserve System

  
\_\_\_\_\_  
William R. Kahler

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