

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

In the Matter of

JOEL SHUMATE,

former Institution-Affiliated Party of

FIRST IOWA STATE BANK, Keosauqua,
Iowa, a state member-bank

Docket No. 18-29-E-I

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

WHEREAS, the Board of Governors of the Federal Reserve System (the “Board of Governors”), pursuant to sections 8(e) of the Federal Deposit Insurance Act, as amended (the “FDI Act”), 12 U.S.C. §§ 1818(e), issues this Order of Prohibition (this “Order”) upon the consent of Respondent Joel Shumate (“Shumate”), a former employee and 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 First Iowa State Bank (“First Iowa” or the “Bank”), a state-member bank;

WHEREAS, between November 4, 2016 and October 3, 2017 (the “Relevant Period”), while employed as a Senior Vice President of the Bank, Shumate originated two loans, and extended the terms of one of these loans, in violation of First Iowa’s loan policies, including policies prohibiting conflicts of interest;

WHEREAS, Shumate originated two loans without disclosing that the purpose of the loans was for the borrower to purchase cattle from him and his father;

WHEREAS, Shumate's actions resulted in a financial gain to him and are likely to cause a financial loss to the Bank;

WHEREAS, originating loans which involve conflicts of interests and extending such loans without required approvals constituted unsafe or unsound banking practices; and

WHEREAS, by affixing his signature hereunder, Shumate has consented to the issuance of this Order by the Board of Governors and 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, 12 C.F.R. Part 263, or otherwise: (a) to the issuance of a notice of intent to prohibit on any other 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 manner the basis, issuance, terms, validity, effectiveness, or enforceability of this Order or any provision hereof.

NOW THEREFORE, before the filing of any notices, or taking of any testimony or adjudication of or finding on any issue of fact or law implied or set forth herein, and solely for the purpose of settling this matter without a formal proceeding being filed and without the necessity for protracted or extended hearings or testimony:

IT IS HEREBY ORDERED, pursuant to section 8 of the FDI Act, 12 U.S.C. § 1818, that:

1. Shumate, 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, or

any subsidiary of such holding company, or any foreign bank or company to which subsection (a) of 12 U.S.C. § 3106 applies and any subsidiary of such foreign bank or company;

- 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 sections 3(u) and 8(b)(3) of the FDI Act, 12 U.S.C. §§ 1813(u) and 1818(b)(3), 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 Ashton, Esq.
Deputy General Counsel
Patrick M. Bryan, Esq.
Assistant General Counsel
Board of Governors of the Federal Reserve System
20th & C Streets, N.W.
Washington, DC 20551
- (b) Joel Shumate

3. Any violation of this Order shall separately subject Shumate 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 Shumate; provided, however, that the Board of Governors shall not take any further action against Shumate on any matters concerning or arising from the matters addressed by this Order based upon facts presently known by the Board of Governors. This release and discharge shall not preclude or affect (i) any right of the Board of Governors to determine and ensure compliance with this Order, or (ii) any proceedings brought by the Board of Governors to enforce the terms of this Order.

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 18th day of October, 2018.

BOARD OF GOVERNORS OF THE
FEDERAL RESERVE SYSTEM

-s-
Joel Shumate

By: _____
-s-
Ann E. Misback
Secretary of the Board