

FEDERAL DEPOSIT INSURANCE CORPORATION

WASHINGTON, D.C.

_____	)	
In the Matter of	)	
	)	
WADE L. SCHMUDLACH,	)	
individually and as an	)	
institution-affiliated party	)	ORDER OF
of	)	REMOVAL FROM OFFICE AND
	)	PROHIBITION FROM
FARMERS STATE BANK	)	FURTHER PARTICIPATION
WATERLOO, IOWA	)	
	)	
(Insured State Nonmember Bank)	)	FDIC-04-295e
_____	)	

Wade L. Schmudlach ("Respondent") has received the NOTICE OF INTENTION TO REMOVE FROM OFFICE AND PROHIBIT FROM FURTHER PARTICIPATION ("NOTICE") issued by the Federal Deposit Insurance Corporation ("FDIC"), stating the unsafe or unsound banking practices and breaches of fiduciary duty for which an ORDER OF REMOVAL FROM OFFICE AND PROHIBITION FROM FURTHER PARTICIPATION ("ORDER") may issue. Respondent has been advised of the right to a hearing on the charges under section 8(e) of the Federal Deposit Insurance Act ("Act"), 12 U.S.C. § 1818(e), and the FDIC Rules of Practice and Procedure, 12 C.F.R. Part 308. Having waived that right, Respondent entered into a STIPULATION AND CONSENT TO THE ISSUANCE OF AN ORDER OF REMOVAL FROM OFFICE AND PROHIBITION FROM FURTHER PARTICIPATION ("CONSENT AGREEMENT"), whereby solely for the purpose of this proceeding and without admitting or denying any unsafe or unsound banking practices and breaches of fiduciary duty, Respondent consented to the issuance of an ORDER by the FDIC.

Upon due consideration, the FDIC determined it had reason to believe that:

1. Respondent has engaged or participated in unsafe or unsound banking practices and breaches of fiduciary duty as an institution-affiliated party of Farmers State Bank, Waterloo, Iowa ("Bank").

2. By reason of such practices and breaches of fiduciary duty: (a) the Bank has suffered financial loss and other damage; (b) the interests of the Bank's depositors have been prejudiced; and (c) the Respondent has received financial gain or other benefit.

3. Such practices and breaches of fiduciary duty involve personal dishonesty on the part of the Respondent and demonstrate the Respondent's willful and/or continuing disregard for the safety and soundness of the Bank.

The FDIC further determined that such practices and breaches of fiduciary duty demonstrate the Respondent's unfitness to serve as a director, officer, person participating in the conduct of the affairs, or as an institution-affiliated party of the Bank, of any other insured depository institution, or of any other agency or organization enumerated in section 8(e)(7)(A) of the Act, 12 U.S.C. § 1818(e)(7)(A).

The FDIC, therefore, accepted the CONSENT AGREEMENT and issued the following:

**ORDER OF REMOVAL FROM OFFICE AND  
PROHIBITION FROM FURTHER PARTICIPATION**

1. Unless Respondent receives prior written approval of the FDIC and the appropriate Federal financial institutions regulatory agency, as that term is defined in section 8(e)(7)(D) of the Act, 12 U.S.C. § 1818(e)(7)(D), Respondent is prohibited from:

- (a) participating in any manner in the conduct of the affairs of any financial institution or organization

enumerated in section 8(e)(7)(A) of the Act,  
12 U.S.C. § 1818(e)(7)(A);

- (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 financial institution enumerated in section 8(e)(7)(A) of the Act, 12 U.S.C. § 1818(e)(7)(A);
- (c) violating any voting agreement previously approved by the appropriate Federal banking agency; or
- (d) voting for a director, or serving or acting as an institution-affiliated party.

2. This ORDER will become effective immediately upon its issuance. The provisions of this ORDER will remain effective and enforceable except to the extent that, and until such time as, any provision of this ORDER shall have been modified, terminated, suspended, or set aside by the FDIC.

Pursuant to delegated authority.

Dated at Washington, D.C., this 23rd day of June, 2006.

---

Lisa K. Roy  
Associate Director  
Division of Supervision  
and Consumer Protection