

UNITED STATES OF AMERICA
Before The
OFFICE OF THRIFT SUPERVISION

In the Matter of:)

Robert A. Baudler,)

Former Employee and)
Institution-Affiliated Party)
of:)

Liberty Bank, FSB)
Arnolds Park, Iowa)
OTS No. 15717)

OTS Order No.: MWR-02-10

Dated: October 25, 2002

**STIPULATION AND CONSENT TO ISSUANCE OF AN ORDER
TO CEASE AND DESIST FOR AFFIRMATIVE RELIEF**

WHEREAS, the Office of Thrift Supervision ("OTS"), based upon information derived from the exercise of its regulatory responsibilities, has informed **Robert A. Baudler** (**BAUDLER**), former employee and institution-affiliated party of Liberty Bank, FSB, Arnolds Park, Iowa, OTS No. 15717 ("Liberty Bank" or the "Institution"), that the OTS is of the opinion that grounds exist to initiate an administrative cease and desist proceeding against **BAUDLER**, pursuant to 12 U.S.C. § 1818(b).¹

WHEREAS, **BAUDLER** desires to cooperate with the OTS to avoid the time and expense of such administrative litigation and, without admitting or denying that such grounds exist, but admitting the statements and conclusions in Paragraph 1 below, hereby stipulates and agrees to the following terms:

¹All references in this Stipulation and Consent and in the Order of Prohibition are to the U.S.C. as amended.

1. Jurisdiction.

(a) Liberty Bank, at all times relevant hereto, was a "savings association" within the meaning of 12 U.S.C. § 1813(b) and 12 U.S.C. § 1462(4). Accordingly, Liberty Bank was an "insured depository institution" as that term is defined in 12 U.S.C. § 1813(c).

(b) **BAUDLER**, as a former employee of Liberty Bank, is deemed to be an "institution-affiliated party" as that term is defined in 12 U.S.C. § 1813(u), having served in such capacity within six (6) years of the date hereof (see 12 U.S.C. § 1818(i)(3)).

(c) Pursuant to 12 U.S.C. § 1813(q), the OTS is the "appropriate Federal banking agency" with jurisdiction to maintain an enforcement proceeding against institution-affiliated parties. Therefore, **BAUDLER** is subject to the authority of the OTS to initiate and maintain prohibition proceedings against him, pursuant to 12 U.S.C. § 1818(e).

2. OTS Findings of Fact.

The OTS finds that:

(a) **BAUDLER**, was Executive Vice President and loan officer of Liberty Bank on or about August 1, 2000.

(b) **BAUDLER**, on or about December 22, 1999, originated a commercial loan for borrower Edward Boesen in the amount of \$1,200,000.

(c) On or about August 1, 2000, **BAUDLER** refinanced the Boesen loan for \$1,080,000; collateral on the loan was 50,495 shares of Gerald Stevens, Inc., common stock.

(d) On January 31, 2001, Liberty Bank recognized a net loss on the Boesen loan of \$948,876.56; cause of the loss was the inability of Edward Boesen to repay the loan and an almost total loss in the market value of the collateral..

(e) **BAUDLER** engaged in an unsafe and unsound banking practice because the market value of the collateral (common stock) was insufficient to fully secure the loan.

(f) **BAUDLER** engaged in an unsafe and unsound banking practice because, after refinancing the loan, he failed to monitor the market value of the collateral (common stock), thus failing to detect the seriously deteriorating value of the collateral on a timely basis; his failure to

monitor the market value of the collateral violated established Liberty Bank policy, which required loan officers to monitor collateral value.

3. Consent.

BAUDLER consents to the issuance by the OTS of the accompanying Order to cease and desist for affirmative relief ("Order"). **BAUDLER** further agrees to comply with its terms upon issuance and stipulates that the Order complies with all requirements of law.

4. Finality.

The Order is issued by the OTS under the authority of 12 U.S.C. § 1818(b). Upon its issuance by the Regional Director or designee for the Midwest Region, OTS, it shall be a final order, effective and fully enforceable by the OTS under the provisions of 12 U.S.C. § 1818(i).

5. Waivers.

BAUDLER waives the following:

- (a) the right to be served with a written notice of the OTS's charges against him as provided by 12 U.S.C. § 1818(b);
- (b) the right to an administrative hearing of the OTS's charges against him as provided by 12 U.S.C. § 1818(e);
- (c) the right to seek judicial review of the Order, including, without limitation, any such right provided by 12 U.S.C. § 1818(h), or otherwise to challenge the validity of the Order.

6. Indemnification.

BAUDLER shall neither cause nor permit Liberty Bank (or any successor institution, holding company, subsidiary, or service corporation thereof) to incur, directly or indirectly, any expense for any legal or other professional expenses incurred relative to the negotiation and issuance of the Order. Nor shall **BAUDLER** obtain any indemnification (or other reimbursement) from the Institution (or any successor institution, holding company, subsidiary, or service corporation thereof) with respect to such amounts. Any such payments received by or on behalf of **BAUDLER** in connection with this action shall be returned to Liberty Bank (or the successor institution, holding company, subsidiary, or service corporation thereof).

7. Other Government Actions Not Affected.

(a) **BAUDLER** acknowledges and agrees that the consent to the issuance of the Order is for the purpose of resolving this prohibition action only, and does not release, discharge, compromise, settle, dismiss, resolve, or in any way affect any actions, charges against, or liability of **BAUDLER** that arise pursuant to this action or otherwise, and that may be or have been brought by any other government entity other than the OTS.

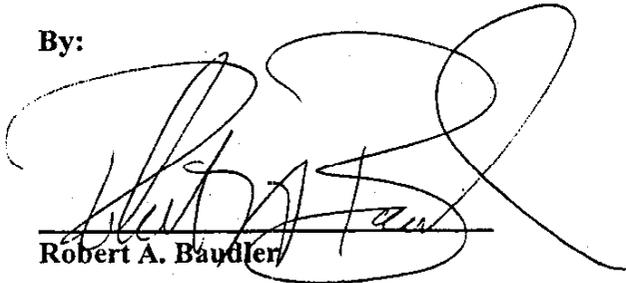
(b) By signing this Stipulation and Consent to Issuance of an Order to Cease and Desist for Affirmative Relief, **BAUDLER** agrees that he will not assert this proceeding, his consent to the issuance of the Order, and/or the issuance of the Order, as the basis for a claim of double jeopardy in any pending or future proceeding brought by the United States Department of Justice or any other Federal or state governmental entity.

8. Agreement for Continuing Cooperation.

BAUDLER agrees that, at the OTS's request, on reasonable notice and without service of a subpoena, he will provide whatever discovery and testify truthfully at any deposition and at any judicial or administrative proceeding related to any investigation, litigation, or other proceeding maintained by the OTS relating to Liberty Bank, its holding companies, its subsidiaries, and its institution-affiliated parties, except that **BAUDLER** does not waive any privilege against self-incrimination under the Fifth Amendment of the United States Constitution. If **BAUDLER** invokes a privilege against self-incrimination under the Fifth Amendment of the United States Constitution with respect to any matter about which the OTS inquires or the production of any document requested by the OTS and the OTS obtains a grant of immunity pursuant to 18 U.S.C. § 6001 et seq., **BAUDLER** agrees, consistent with any such grant of immunity, to provide discovery and testify truthfully at any deposition and at any judicial, administrative, or investigative proceeding on the matter for which immunity is given.

WHEREFORE, BAUDLER executes this Stipulation and Consent to Issuance of an Order to Cease and Desist for Affirmative Relief, intending to be legally bound hereby.

By:


Robert A. Baudler

Accepted by:
Office of Thrift Supervision


Frederick R. Casteel
Midwest Regional Director

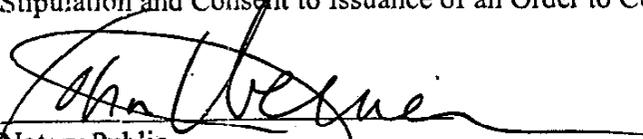
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Dated: 10-25-02

ACKNOWLEDGMENT

State of Iowa
County of Polk

On this 9 day of October, 2002, before me, the undersigned notary public, personally appeared Robert A. Baudler and acknowledged his execution of the foregoing Stipulation and Consent to Issuance of an Order to Cease and Desist for Affirmative Relief.

x 
Notary Public
My Commission expires:

UNITED STATES OF AMERICA
Before The
OFFICE OF THRIFT SUPERVISION

In the Matter of:)
)
Robert A. Baudler,)
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Former Employee and)
Institution-Affiliated Party)
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Liberty Bank, FSB)
Arnolds Park, Iowa)
OTS No. 15717)

OTS Order No.: MWR-02-10
Dated: October 25, 2002

ORDER TO CEASE AND DESIST
FOR AFFIRMATIVE RELIEF

WHEREAS, Robert A. Baudler ("BAUDLER") has executed a Stipulation and Consent to Issuance of an Order to Cease and Desist for Affirmative Relief ("Stipulation"); and

WHEREAS, BAUDLER, by his execution of the Stipulation, has consented and agreed to the issuance of this Order to Cease and Desist for Affirmative Relief ("Order") by the Office of Thrift Supervision ("OTS"), pursuant to 12 U.S.C. §1818(b).

NOW THEREFORE, IT IS ORDERED that:

- 1. If BAUDLER** becomes an institution-affiliated party within the meaning of Section 3(u) of the Federal Deposit Insurance Act (FDIA) **BAUDLER** shall cease and desist from any unsafe and unsound practice(s).

2. If, as a director, officer or controlling person of a federally insured depository institution, **BAUDLER** has reason to know, by way of regulatory criticism or otherwise, of any unsafe and unsound practice or violation of law or regulation in which the institution has engaged or is about to engage, **BAUDLER** shall make independent inquiries and review pertinent documentation, regulations, and applicable institution policies and procedures, to determine the actual facts in issue, and not rely solely on representations of others, especially the representations of borrowers as to the value of collateral, to insure that unsafe and unsound practices and/or regulatory violations by such institution are corrected.

3. **BAUDLER** shall cease and desist from acts, omissions, or practices, which constitute a breach of fiduciary duty to any federally insured depository institution.

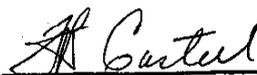
4. The Stipulation is made a part hereof and is incorporated herein by this reference.

5. **BAUDLER** shall promptly respond to any request from the OTS for documents that OTS reasonably requests to demonstrate compliance with this Order.

6. The terms and provisions of this Order shall be binding upon, and inure to the benefit of the parties hereto and their successors in interest.

THE OFFICE OF THRIFT SUPERVISION

By:



Frederick R. Casteel
Midwest Regional Director