

UNITED STATES OF AMERICA  
Before The  
OFFICE OF THRIFT SUPERVISION

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In the Matter of )

Walter F. Schroeder )

Former Director and Vice President )  
of Statesman Federal Savings Bank )  
Former President of Statesman Mortgage )  
Company, a wholly-owned subsidiary, )  
Former Vice President of American )  
Life and Casualty Insurance )  
Company, an affiliate. )  
\_\_\_\_\_ )

Re: Resolution No. DM-92-19

Dated: September 17, 1992

STIPULATION AND CONSENT TO ISSUANCE OF ORDER  
TO CEASE AND DESIST AND ORDER OF PROHIBITION

Walter F. Schroeder ("Schroeder" or "Respondent"), a former officer and director of Statesman Federal Savings Bank, Des Moines, Iowa, ("Statesman"), its affiliate and service corporation, hereby submits this Stipulation and Consent to Order to Cease and Desist and Order of Prohibition ("Consent") to the Office of Thrift Supervision ("OTS") pursuant to 12 C.F.R. § 509.20 (1992), for purposes of settlement and in consideration of the OTS' forbearance from pursuing administrative proceedings on matters covered by the Notice of Charges and Hearing for an Order to Cease and Desist and to Direct Other Affirmative Corrective Relief and Notice of Intention to Prohibit ("Notice of Charges") and set forth in the accompanying Order to Cease and Desist and Order

to Prohibit ("Order"). The OTS is of the opinion that grounds exist to pursue an administrative cease and desist and prohibition proceeding against Schroeder pursuant to Sections 8(b) and (e) of the Federal Deposit Insurance Act ("FDIA"), as amended by the Financial Institutions Reform, Recovery, and Enforcement Act of 1989, Pub. L. No. 101-73, 103 Stat. 183 ("FIRREA"), 12 U.S.C. §§ 1818(b), and (e) (1988 & Supp. I 1989). Schroeder desires to resolve the Notice of Charges issued against him by the OTS, and, without admitting or denying that such grounds exist, except as to those allegations set forth in paragraph 1 below, which are admitted, Schroeder consents to the entry of the attached Order pursuant to Sections 8(b) and (e) of the FDIA, as amended by FIRREA, 12 U.S.C. § 1818(b) and (e) (1988 & Supp. I 1989).

1. Schroeder admits the jurisdiction of the OTS over him and over the subject matter of this action pursuant to Sections 8(b) and 8(e) of the FDIA, as amended by FIRREA, 12 U.S.C. §§ 1818(b) and (e), and admits that he was an "institution-affiliated party" as that term is defined in Section 3(u) of the FDIA, as amended by FIRREA, 12 U.S.C. § 1813(u) (1988 & Supp. I 1989).

2. Schroeder consents to the issuance of the accompanying Order, agrees to comply with its terms upon issuance, and stipulates that the Order complies with all

requirements of law.

3. Schroeder acknowledges and states that he enters into this Consent willingly and without any coercion or promises of any kind from the OTS or any officer, attorney, agent or employee thereof.

4. Schroeder hereby waives his rights to a hearing, all post-hearing proceedings, and the entry of findings of fact and conclusions of law under the Administrative Procedure Act ("APA"), 5 U.S.C. § 554-557, Sections 8(b), (e) and (i) of the FDIA, as amended by FIRREA, 12 U.S.C §§ 1818(b), (e) and (i) (1988 & Supp. I 1989), and the OTS Rules of Practice and Procedure in Adjudicatory Proceedings, 12 C.F.R. §§ 509.1 (1991) et. seq., or any other applicable provision of law.

5. Schroeder hereby waives his right to appeal the Order pursuant to Section 8(h) of the FDIA, as amended by FIRREA, 12 U.S.C. § 1818(h) (1988 and Supp. I 1989), or any other applicable provision of law.

6. Schroeder acknowledges and agrees that the OTS reserves the right to assess further appropriate enforcement relief in the event Schroeder fails to comply with the terms of this Order and Consent, or has provided financial information that is materially inaccurate or incomplete, or

in the event OTS determines it is necessary or appropriate to do so for other good cause.

7. This Stipulation and Consent, the Order and the payment by the Respondent of any monies or providing any other financial relief as contemplated by the Order, does not compromise, settle, dismiss, resolve, or in any way affect any civil actions, charges against, or liability of the Respondent that arise pursuant to this action or otherwise, and that may be or have been brought by the Resolution Trust Corporation or any other governmental entity other than the OTS.

WHEREFORE, intending to be legally bound thereby, Walter F. Schroeder executes this Consent.

Date:

/S/

\_\_\_\_\_  
Walter F. Schroeder

UNITED STATES OF AMERICA  
Before The  
OFFICE OF THRIFT SUPERVISION

In the Matter of )  
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WALTER F. SCHROEDER ) Re: Resolution No. DM-92-19  
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 ) Dated: September 17, 1992  
Former Director and Vice President )  
of Statesman Federal Savings Bank )  
Former President of Statesman Mortgage )  
Company, a wholly-owned subsidiary, )  
Former Vice President of American )  
Life and Casualty Insurance )  
Company, an affiliate. )  
 )

ORDER TO CEASE AND DESIST AND  
ORDER OF PROHIBITION

WHEREAS, the Office of Thrift Supervision ("OTS") filed a Notice of Charges and Hearing For an Order to Cease and Desist and to Direct Restitution and Other Appropriate Relief and Notice of Intention to Prohibit ("Notice") on May 13, 1991, against Walter F. Schroeder ("Schroeder"), a former Director and Vice-President of Statesman Federal Savings Bank, Des Moines, Iowa ("Statesman"), and President of Statesman Mortgage Company ("Statesman Mortgage"), a wholly owned subsidiary of Statesman. The Notice charged that Schroeder violated laws and regulations, engaged in unsafe and unsound practices, and committed acts that constitute breaches of his fiduciary duty as an officer and director by diverting "commitment" and "application" fees obtained from borrowers to his personal account, and then using those fees for his personal benefit; and

WHEREAS, the Director of the OTS is of the opinion that Schroeder defrauded borrowers by demanding "commitment" or "application" fees as a condition to obtaining a loan or to forwarding a commitment through Statesman Mortgage, diverting these fees into his personal account, and then using these fees for his personal benefit; and

WHEREAS, the OTS is of the opinion that as a result of the aforementioned acts, Schroeder has violated laws and regulations, engaged in unsafe and unsound practices, and has committed acts that constitute breaches of his fiduciary duty; and that the OTS further has grounds to demonstrate that Schroeder's misconduct resulted in financial losses and damage to Statesman and personal gain or other benefit to Schroeder in the amount of \$589,500, and that said conduct evidences Schroeder's personal dishonesty and willful and continuing disregard for Statesman; and that by virtue of these acts and practices Schroeder has been unjustly enriched and has acted with reckless disregard for the law; and

WHEREAS, affirmative relief is required to correct the conditions that resulted from Schroeder's unlawfully soliciting and using fees belonging to Statesman, its affiliate and service corporation for his personal benefit; and

WHEREAS, Schroeder, without admitting or denying the allegations, desires to resolve this matter and has executed a Stipulation and Consent to Issuance of Order to Cease and Desist and Order of Prohibition pursuant to Sections 8(b) and

(e) of the Federal Deposit Insurance Act ("FDIA"), as amended by the Financial Institutions Reform, Recovery, and Enforcement Act of 1989, Pub. L. No. 101-73, 103 Stat. 183 ("FIRREA"), 12 U.S.C. §§ 1818(b) and (e) (1988 & Supp. I 1989) ("Stipulation"), that is accepted and approved by the OTS acting through its Regional Director for the Midwest Regional Office;

NOW THEREFORE, It is ORDERED that:

1. Schroeder is prohibited from further participation, in any manner, in the conduct of the affairs of Statesman, its affiliate(s) and service corporation(s).

2. Without the prior written approval of the Regional Director for the Midwest Regional Office and, if appropriate, another federal financial institutions regulatory agency, Schroeder may not hold any office in, or participate in any manner in the conduct of the affairs of, any institution(s) or other entity as set forth in Section 8(e)(7)(A) of the FDIA, as amended by FIRREA, 12 U.S.C. § 1818(e)(7)(A) (1988 & Supp. I 1989). Pursuant to Section 8(e)(6) of the FDIA, as amended by FIRREA, 12 U.S.C. § 1818(e)(6) (1988 & Supp. I 1989), conduct prohibited by this Order includes, inter alia, the solicitation, transfer or exercise of any voting rights with respect to any securities issued by any insured depository institution.

3. As affirmative action to correct conditions

resulting from violations and practices with respect to which this Order is issued, pursuant to 12 U.S.C. § 1818(b)(6)(A) (1988 & Supp. I 1989), Schroeder shall pay restitution in the amount of \$589,500 to the Resolution Trust Corporation, as receiver for Statesman.

4. Except as provided below, repayment of \$589,500 is waived based on the financial inability of Schroeder to pay restitution as represented by Schroeder's submission of three years of federal tax returns, two years of state tax returns, and a statement of financial condition signed by Schroeder under penalty of perjury, and effective on the date of this Order. If the representations concerning his financial condition are inaccurate or incomplete, full restitution of \$589,500 is immediately due and owing.

The above-referenced documents representing Schroeder's statement of financial condition do not reflect any legal or beneficial interest in any trust or similar fund. If Schroeder has such legal or beneficial interest in any trust or similar fund or corpus thereof, or if he obtains, directs, or in anyway influences any distributions therefrom, including but not limited to interests held in common with other individual(s), then the full amount of restitution is due and owing, and Schroeder shall immediately pay to the Resolution Trust Corporation, as receiver for Statesman, the distribution, interest, and other income payable to him, in whole or in part, as restitution up to the amount of \$589,500.

5. Schroeder shall promptly respond to any request from OTS for documents that OTS reasonably requires to determine compliance with this Order.

6. The OTS reserves the right to assess civil money penalties against Schroeder for any inaccurate or incomplete representations made to the OTS concerning his financial condition.

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

8. This Order is subject to the provisions of Section 8(j) of the FDIA, 12 U.S.C. § 1818(j) (1988 & Supp. I 1989), and shall become effective on the date it is issued.

THE OFFICE OF THRIFT SUPERVISION

/S/

By:

Frederick R. Casteel  
~~Director~~ Regional Director  
Midwest Regional Office  
Office of Thrift Supervision