



NEWS RELEASE

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PUBLIC HEARING SCHEDULED FOR POSSIBLE REMOVAL OF BANK OFFICIAL

The Federal Deposit Insurance Corporation today announced that a public hearing will be held September 17, 1991, before an Administrative Law Judge in Minnesota to determine whether the agency should remove or prohibit Paul C. Hufnagle, President and Chairman of Franklin State Bank, Franklin, Minnesota, from further participation in the banking industry.

Under Section 8(e) of the Federal Deposit Insurance Act, the FDIC is authorized to remove or prohibit individuals from the banking industry if there is evidence that individuals committed violations of law, engaged in unsafe or unsound practices, or breached their fiduciary duty. The FDIC alleges that Mr. Hufnagle made self-serving loans to himself and his affiliated parties and that he converted political campaign funds deposited in the bank to his own use in violation of federal banking laws and regulations.

The public hearing is scheduled for 10:00 a.m. in The Federal Building, 110 South 4th Street, NLRB Hearing Room (Room 471), Minneapolis.

Federal banking agencies are required under The Comprehensive Thrift and Bank Fraud Prosecution and Taxpayer Recovery Act of 1990 to open to the public any such proceedings held after November 30, 1990.

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