FOR IMMEDIATE RELEASE

FDIC BANS DANIEL K. CONNERS
FROM SERVICE IN FDIC-INSURED BANKS

Daniel K. Conners has been banned by the Federal Deposit Insurance Corporation from serving in the operations of FDIC-insured banks due to his demonstrated disregard for bank safety and soundness. Mr. Conners also was ordered to pay civil money penalties totaling $2,488,000 for violating the Change in Bank Control Act and the Federal Reserve Act. The FDIC order prohibits Mr. Conners from participating in the affairs of any FDIC-insured bank, including voting for directors, without obtaining prior approval from federal bank regulatory agencies.

The determination to bar Mr. Conners from engaging in banking operations was made following an FDIC examination of Peoples State Bank of Mazeppa, Mazeppa, Minnesota, in connection with FDIC insurance termination proceedings. Mr. Conners had acquired a controlling interest in the bank in violation of the Change in Bank Control Act and had been elected president and a director of the bank. During the time he was in the bank, he converted in excess of $5 million in bank money funds to his personal and related business use. Each conversion was listed on the books and records of the bank as investments in loans, and funding was provided by the acquisition of brokered deposits in excess of $8 million from more than 70 investors in various states around the nation. No certificates of deposit were ever issued to the individual investors and the deposits were not reflected on the records of the bank. The bank failed and was closed by the State of Minnesota on August 21, 1987.

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The FDIC Board of Directors determined that Mr. Connors' conduct violated laws and regulations, constituted a breach of his fiduciary duty as an officer and a director of the bank, demonstrated a willful and continuing disregard for the safety or soundness of the bank and resulted in substantial financial loss to the bank. Moreover, because Mr. Connors failed to give prior written notice to the FDIC prior to the change in bank control, the FDIC Board also ruled that he violated the change in bank control requirements of the Federal Deposit Insurance Act and ordered him to pay a civil money penalty of $460,000. Additionally, certain transactions he engaged in violated provisions of the Federal Reserve Act and regulations of the Board of Governors of the Federal Reserve System, for which the FDIC Board ordered Mr. Connors to pay an additional civil money penalty of $2,028,000.

Mr. Connors, 28, was sentenced in February by a U.S. District Court to eight years in federal prison for embezzling more than $5 million from Peoples State Bank of Mazeppa.