

**UNITED STATES OF AMERICA**

**NATIONAL CREDIT UNION ADMINISTRATION**

**NATIONAL CREDIT UNION ADMINISTRATION BOARD**

<b>In the Matter of</b>  PAUL D. ALLEN  An Institution Affiliated Party and Person Participating in the Affairs of the Charleston Naval Shipyard Federal Credit Union Charleston, South Carolina	Docket No. 98-0801-III
--	------------------------

**ORDER OF PROHIBITION**

Pursuant to Section 206(i)(1) of the Federal Credit Union Act, 12 U.S.C. §1786(i)(1), you are hereby notified that you are prohibited from participating in any manner in the affairs of any federally insured credit union. This prohibition results from activities you engaged in during your affiliation with Charleston Naval Shipyard Federal Credit Union. This prohibition is effective immediately upon service. In accordance with Section 206(g)(7)(A) of the Federal Credit Union Act, 12 U.S.C. §1786(g)(7)(A), this Order shall constitute a prohibition from further participation in any manner in the affairs of any federally insured financial institution, or other entity identified therein, without the written permission of the appropriate federal regulatory agency. This Order has been issued based upon the following information.

You pleaded guilty to one count of Title 18, United States Code, Section 1344, financial institution fraud. You were sentenced on November 13, 1997, by the U.S. District Court for the District of South Carolina, to probation for three years and ordered to pay restitution in the amount of \$14,500. A copy of the Judgment in a Criminal Case, dated December 3, 1997, is attached to this Order as Attachment 1 and is incorporated by reference herein. Because an appeal has not been filed within the time specified by the Federal Rules of Appellate Procedure, your conviction is now final.

The offense of which you were convicted, financial institution fraud, was committed while you were employed as the President and Chief Executive Officer of the Charleston Naval Shipyard Federal Credit Union of Charleston, South Carolina. The information to which you pleaded guilty alleges that from December 1985 until at least December 1988, you devised a scheme to defraud the Charleston Naval Shipyard Federal Credit Union by having checks issued for fraudulent purposes. It appears that you directed credit union checks to be drawn payable to the Medical University of South Carolina, ostensibly for charitable contributions, scholarships or advertising. In fact, the checks were being used to pay the medical school tuition for your son-in-law, Brandon Smith. During this three year period, checks totaling \$14,500 were paid by the credit union for this fraudulent purpose. At the time of your criminal actions, Charleston Naval Shipyard Federal Credit Union was a federally-chartered credit union.

The offense to which you pleaded guilty involves personal dishonesty and breach of trust. Your continued participation in the affairs of any federally insured credit union may pose a threat to the interests of credit union members and may threaten to impair public confidence in the credit union involved.

**NOTICE OF HEARING**

Pursuant to Section 206(i)(3), of the Federal Credit Union Act, 12 U.S.C. §1786(i)(3), you may request in writing, within thirty days of service of this Order, an opportunity for a hearing at which

