

**All redactions made pursuant to exemption (b)(6) of the FOIA – personal privacy**

UNITED STATES OF AMERICA  
BEFORE THE NATIONAL CREDIT UNION ADMINISTRATION

In the Matter of

XXXXXXXXXXXXXXXXXXXXXXXXXX

*Docket BD-10-08*

Insurance Claim

**Decision and Order on Appeal**

**Decision**

This matter comes before the National Credit Union Administration Board (Board) pursuant to 12 CFR 745.202, as an administrative appeal of the determination by the Agent for the Liquidating Agent of Cambria Federal Credit Union denying the Xxxxx insurance claim in the amount of \$xxxx.

Cambria Federal Credit Union

Cambria FCU, formerly known as Saint Rochus FCU, was chartered in 1969 to serve the members of Saint Rochus Catholic Church in Johnstown, Pennsylvania. The credit union changed its name to Cambria FCU in 1990 after it merged with Holy Name FCU in 1984. NCUA placed the credit union into involuntary liquidation on June 25, 2007<sup>1</sup> due to insolvency. Extensive fraudulent activity involving the long-time manager has been alleged including misappropriation of member deposits, loan proceeds, and a credit union asset. Recordkeeping had been a problem at the FCU for several years.

Xxxxxxxxxxxxxxxxxxxx Accounts

xxxxxxxxxxxxxxxxxxxx, husband and wife, were members of Cambria FCU for many years. xxxxxxxxxxxxxx served on the board of the FCU for several years. The Xxxxx had several share and loan accounts at the FCU.

AMAC worked extensively with the Xxxxx to determine the balances in their share and loan accounts after the liquidation. AMAC believes that part of the problem may have been due to the alleged fraudulent activities of the former manager; she may have manipulated accounts, including the Xxxxx accounts, in her efforts to defraud the FCU.

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<sup>1</sup>NCUA named itself as the liquidating agent; various AMAC staff was named as agent for the liquidating agent. References in this memo to AMAC refer to those staff in their capacity as agent for the liquidating agent.

Deposits and transfers of funds were noted on member account statements, but due to possible manipulation of accounts/account statements by the manager, AMAC requested verification of transactions from the Xxxxx as well as other members. Due to the lapse of several years since some of the account transactions, verification was not always possible. AMAC relied on the Xxxxx affidavits, along with member account statements, for many of their account transactions. AMAC clearly erred in favor of the Xxxxx in making these determinations outside of this appeal.

The account at issue is share account #xxx, in the name of xxxxxxxxxxxxxxxxxxxx. AMAC made its initial determination on account #144 on May 19, 2008. The closing balance in the account was determined to be \$2003. AMAC also determined that the Xxxxx had two outstanding delinquent loans at the time of liquidation – one with an outstanding balance of \$xxxx (original loan amount) and one with an outstanding balance of \$xxxxxxxx (original loan amount \$xxxxxxxx). The larger loan was share secured by account #xxx. AMAC used the closing balance of \$xxxx to pay down the larger delinquent loan. xxxxxxxxxxxx has since paid off that loan. The \$xxxx outstanding delinquent loan (an automobile loan) remains unpaid and is not subject to Board appeal. AMAC also denied the Xxxxx claim that \$xxxx should not have been debited from account #xxx and is the sole issue for appeal.

This amount was transferred from account #xxx in several transactions between May 31, 2005 and December 31, 2005. The transfers were made to pay down delinquent loans made to xxxxxxxxxxxxl's two adult daughters.<sup>2</sup> The Xxxxx do not question that the pay downs were made. However, the Xxxxx state that they did not authorize these pay downs. It is noted in the FCU board minutes several times between 2003 and 2006 that xxxxxxxxxxxx was paying on his two daughters' loans. xxxxxxxxxxxx was a member of the board of directors and present at two of the meetings where it is stated that debtors' father (xxxxxxxxxx) was paying on these loans. There is no evidence that the Xxxxx questioned these pay downs prior to the FCU being placed into liquidation. We do not believe there is adequate evidence to reverse these transfers totaling \$xxxx. The board minutes are adequate verification that xxxxxxxxxxxx approved of the transfers.

The Xxxxx requested reconsideration which AMAC denied on September 5, 2008. They submitted no further evidence with their October 30, 2008 appeal. AMAC's decision not to reverse the \$xxxx in transfers that was used to pay down xxxxxxxxxxxx's daughters' loans was the correct one based on the evidence submitted.

### **Order**

For the reasons set forth above, it is ORDERED as follows:

The Board upholds the agent for the liquidating agent's decision and denies the appeal of xxxxxxxxxxxxxxxxxxxxxxxxxxxx.

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<sup>2</sup> The two daughters were step-daughters to xxxxxxxxxxxx.

The Board's decision constitutes a final agency determination. Pursuant to 12 C.F.R. 745.203(c), this final determination is reviewable in accordance with the provisions of Chapter 7, Title 5, United States Code, by the United States district court for the Federal judicial district where the credit union's principal place of business was located. Such action must be filed not later than 60 days after the date of this final determination.

So **ORDERED** this 21st day of April 2009 by the National Credit Union Administration Board.

/S/

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Mary Rupp  
Secretary of the Board