

**UNITED STATES OF AMERICA
NATIONAL CREDIT UNION ADMINISTRATION
NATIONAL CREDIT UNION ADMINISTRATION BOARD**

IN THE MATTER OF

IVY J. SANCHEZ

No. 02—0703VI

**An Institution Affiliated Party and
Person Participating in the Affairs
of the HC&S Federal Credit Union
Kahului, Hawaii**

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 HC&S 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 February 4, 2002, by the U.S. District Court for the District of Hawaii, to imprisonment for twelve months and one day, followed by supervised release for three years. A copy of the Criminal Docket for Case # 01-CR-71-ALL 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 a loan interviewer for the HC&S Federal Credit Union of Kahului, Hawaii. On March 1, 2001, you and two other HC&S Federal Credit Union employees were indicted on forty counts of financial institution fraud, resulting from a check-kiting scheme at the credit union. The grand jury believed the check-kiting scheme had been in existence since at least May 1997. The grand jury alleged that you and the other two employees assisted each other in obtaining the credit union's funds by depositing fraudulent checks into your accounts. At the time of your criminal actions, HC&S Federal Credit Union was a federally insured 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 you may present evidence and argument that your continued participation in the affairs of any federally insured credit union would not, or would not be likely to, pose a threat to the interests of that credit union's members or threaten to impair public confidence in the credit union. Any such request should be sent to: Secretary of the Board, National Credit Union Administration, 1775 Duke Street, Alexandria, VA 22314-3428. This hearing will be held in the Washington, D.C. metropolitan area, or such other place as designated by the Board, in

accordance with Subpart D of Part 747 of NCUA's Rules and Regulations, 12 C.F.R. §747.301
et. seq.

PENALTY FOR VIOLATION OF ORDER OF PROHIBITION

Pursuant to Section 206(k)(2) of the Federal Credit Union Act, 12 U.S.C. §1786(k)(2), any violation of this Order may subject you to a Civil Money Penalty of up to \$1,000,000.00 a day for each day said violation continues. In addition, pursuant to Section 206(l) of the Federal Credit Union Act, 12 U.S.C. §1786(l), any violation of this Order is a felony offense that is punishable by imprisonment of up to five years and a fine of up to \$1,000,000.00.

Dated this 12th day of July, 2002

by

National Credit Union Administration Board

/s/

ROBERT E. BLATNER, JR.
Regional Director, Region VI
National Credit Union Administration