

UNITED STATES OF AMERICA
BEFORE THE NATIONAL CREDIT UNION ADMINISTRATION

In the Matter of

XXXXXXXXXX

Docket BD-19-10

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 St. Paul Croatian Federal Credit Union (FCU) XXXXXXXXXXX's denying insurance claim.

Background

NCUA placed St. Paul Croatian FCU (FCU) into conservatorship on April 23, 2010, following the discovery of fraud, in the form of fictitious loans and other manipulation of the records, allegedly perpetrated by the FCU's CEO. On April 30th, one week later, the NCUA Board determined, given the scope of fraud, that conservatorship was not a viable option and placed the FCU into involuntary liquidation.

Claim

XXXXXXXXXX (Appellant) was a member of the FCU and held individual share accounts in her own name (share account number XXXXXXXXXXX and share certificate account number XXXXXXXXXXX). Appellant's aggregate share account balance as of the liquidation date was \$ XXXXXXXXXXX. On May 5, 2010, NCUA's Asset Management and Assistance Center (AMAC)¹ made an initial payout to Appellant in the amount of \$5,000. On June 11, 2010, AMAC mailed a check in the amount of \$ XXXXXXXXXXX to Appellant and notified her by letter on the same date that the remaining unpaid balance of \$XXXXXXXXXX exceeded the \$250,000 share insurance limit and therefore was uninsured. Appellant appealed AMAC's determination.

Argument

Appellant has not submitted any documents or specific arguments in support of her position. She simply submitted a letter, received by the Board Secretary on September

¹ References to AMAC throughout this decision refer to AMAC staff acting in their capacity as agents for the liquidating agent.

2, 2010, stating that she believes she is entitled to the remaining \$ XXXXXXXXX and requests the Board reconsider AMAC's determination.

Discussion

NCUA's rules governing share insurance provide that funds owned by an individual and deposited in one or more accounts in the individual's own name shall be insured up to \$250,000 in the aggregate. 12 C.F.R. §745.3(a)(1).

AMAC provided Appellant with a payout letter, a credit union statement for April, a post-liquidation statement with a \$5000 check and an affidavit form. Appellant returned her affidavit form stating that she had agreed to the balance of her account as of the liquidation date. The FCU records revealed that Appellant signed her Account Card, Member No XXXXXXXXX, on XXXXXXXXX. The Account Card does not indicate joint account holders or beneficiaries. Likewise, member statements to the Appellant also indicate that she held a single ownership account. On April 30, 2010, Appellant had \$ XXXXXXXXX in share account XXXXXXXXX and \$ XXXXXXXXX in share certificate account XXXXXXXXX.

Appellant does not allege that she is entitled to additional coverage above the \$250,000 statutory limit through another account type. The record identifies only one individual account in the name of Appellant with an account balance of \$ XXXXXXXXX as of the liquidation date. As such, there is no dispute that Appellant owned but one single ownership account under member number XXXXXXXXX at the FCU. Accordingly, Appellant's account is insured only to the standard maximum share insurance amount of \$250,000. Appellant is not entitled to the remaining balance of her account, \$XXXXXXX, because payout of said remainder would permit coverage in excess of the share insurance limit.

We also note that Appellant submitted an untimely appeal request. The procedures established for filing an appeal of an insurance coverage determination require an appellant to submit a written request of appeal within sixty days after the liquidating agent makes an initial determination or a determination on a request for reconsideration. 12 C.F.R. §745.202(a). AMAC sent notification of its insurance determination on June 11, 2010 and NCUA received Appellant's request for appeal on September 2, 2010.

Conclusion

As discussed above, a single ownership account may be insured up to no more than \$250,000. AMAC correctly determined that Appellant owned one single ownership account in the FCU. Applying the rule for single ownership accounts, the remaining unpaid balance of Appellant's share account (\$XXXXXXX) is uninsured. Furthermore, Appellant filed an untimely request for appeal by submitting her appeal more than sixty days from the date the liquidating agent made the initial insurance coverage determination. The Appellant is not entitled to any additional payment.

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 XXXXXXXXX's appeal.

The Board's decision constitutes a final agency determination. Pursuant to 12 CFR 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 17th day of November 2010 by the National Credit Union Administration Board.

Mary Rupp
Secretary of the Board