

UNITED STATES OF AMERICA
BEFORE THE NATIONAL CREDIT UNION ADMINISTRATION

In the Matter of

**St. Mary of the Assumption
Roman Catholic Church**

Docket BD-25-10

Insurance Claim

Decision and Order on Appeal

Decision

This matter comes before the National Credit Union Administration Board (Board) pursuant to 12 C.F.R. §745.202, as an administrative appeal of the determination by the Agent for the Liquidating Agent of St. Paul Croatian Federal Credit Union (FCU) denying the insurance claim submitted by St. Mary of the Assumption Roman Catholic Church.

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

St. Mary of the Assumption Roman Catholic Church (Appellant) was a member of the FCU and held share accounts (share account number 64880-00, and share certificate account number 64880-20) as of the FCU's liquidation date. Appellant's aggregate share account balance on April 30, 2010 was \$401,219.51. On May 5, 2010, NCUA's Asset Management and Assistance Center (AMAC) made an initial pay out to Appellant in the amount of \$5,000. On June 18, 2010, AMAC mailed a check in the amount of \$245,000 to Appellant and notified it by letter on the same date that the remaining unpaid balance of \$151,219.51 exceeded the \$250,000 share insurance limit and therefore was uninsured.

Appellant appeals AMAC's initial insurance coverage determination of June 18, 2010.

Argument

Appellant's representative, Rev. John M. Kumse, Pastor, states he was shocked that the FCU was closed so suddenly and unexpectedly. As an inner city parish, the church was counting on using the funds it had on deposit at the FCU in 2011. He has requested NCUA expedite the processing of the liquidation so the church may obtain its necessary funds, particularly in light of disconcerting reports within the community that some members received shares in excess of \$250,000. Appellant does not proffer any legal argument to support its request.

Discussion

NCUA's rules governing share insurance provide that accounts of a corporation, partnership, or unincorporated association engaged in any independent activity shall be insured up to \$250,000 in the aggregate. 12 C.F.R. §745.6.

Appellant is a church located in Cleveland, Ohio. AMAC provided Appellant with a payout letter, a credit union statement for April showing a balance of \$401,219.51, a post-liquidation statement with a \$5000 check and an affidavit form. Appellant returned the affidavit form agreeing with the balance of its account as of the liquidation date. The FCU records revealed that Appellant opened its account on September 17, 2008. Appellant's aggregate share account balance on the liquidation date was \$401,219.51.

Appellant maintained the following amounts in its accounts as of April 30, 2010:

Share Account, 64880-00:	\$9.28
Share Certificate Account, 64880-20:	\$401,210.23

Appellant does not allege that it is entitled to additional coverage above the \$250,000 statutory limit through another account type and has no legal basis for extending insurance coverage beyond the amount authorized under Section 745.6 of the NCUA Rules and Regulations (12 C.F.R. §745.6). 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 its account, \$151,219.51, because payout of said remainder would permit coverage in excess of the share insurance limit.

In addition, 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 initial insurance determination on June 18, 2010 and the NCUA Board received Appellant's request for appeal on November 24, 2010.

Conclusion

As discussed above, an account such as Appellant's, may be insured up to no more than \$250,000. AMAC correctly determined that Appellant's account (share account 64880-00, share certificate 64880-20) is entitled to the standard maximum share insurance amount of \$250,000. The remaining unpaid balance of Appellant's share account (\$151,219.51) is uninsured. Furthermore, Appellant filed an untimely request for appeal by submitting its appeal more than sixty days from the date AMAC issued its initial insurance coverage determination. Accordingly, Appellant's claim for payment of \$151,219.51 is denied. This decision does not affect Appellant's certificate of claim for \$151,219.51 in uninsured shares.

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 St. Mary of the Assumption Roman Catholic Church.

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 March 2011 by the National Credit Union Administration Board.

Mary Rupp
Secretary of the Board