

UNITED STATES OF AMERICA

BEFORE THE NATIONAL CREDIT UNION ADMINISTRATION

In the Matter of

XXXXXXXXXXXXXXXXXXXXXXXXXXXX

Docket 99-INS-001

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 Lancaster Teachers Credit Union denying xxxxxxxx xxxxxxxxxxxxxxxxxxxxxxxx claim in the amount of xxxxxxxx.

Background

Lancaster Teachers Credit Union (hereinafter Credit Union) was a state-chartered, federally insured credit union. It was chartered in 1935 to serve employees of the Lancaster County school district in Pennsylvania. xxxxxxxxxxxxxxxxxxxx joined the Credit Union in 1973 and his wife xxxxx joined the Credit Union in 1989. The xxxxxxxxxxxx each had a share account with the Credit Union. In January 1998, the Credit Union hired an auditor to do a member account verification as of year-end 1997. The auditor determined that each of the xxxxxxxxxxxx had share balances of less than xxx. The xxxxxxxxxxxx disagreed. xxxxxxxxxxxx claimed he had a share balance of approximately xxxx and xxxxxxxxxxxx claimed a share balance of xxxxx.

The Credit Union became insolvent and was placed into liquidation by the Pennsylvania Department of Banking on March 24, 1998. The reason for the insolvency and liquidation was very poor recordkeeping. Among other things, Credit Union staff did not verify account balances when withdrawals were made, and rarely sent out statements. The NCUA Board was named as liquidating agent by the Pennsylvania Department of Banking.

On April 3, 1998, the Asset Management and Assistance Center (AMAC) sent each Credit Union member a letter with an enclosed statement of account. The xxxxxxxxxxxx disagreed with the account balances noted. xxxxxxxxxxxx submitted an affidavit to AMAC indicating a share balance of approximately xxxx and xxxxxxxxxxxx submitted an affidavit indicating a share balance of approximately xxxxx. The xxxxxxxxxxxx submitted no evidence, other than their affidavits, documenting their claimed account balances.

AMAC researched and reconstructed the xxxxxxxxxxxx accounts based on correspondence received from them and the records available from the Credit Union. AMAC produced a spreadsheet setting forth beginning balances on May 30, 1994,^[1] deposits made to and withdrawals made from the two share accounts, and final balances in the accounts on the date of liquidation. Other than dividends, all deposits were in the form of payroll deduction. Withdrawals were in the form of checks drawn on the Credit Union's account at a local bank. AMAC concluded that that xxxxxxxxxxxx were overdrawn in the amount of xxxxxx.^[2] AMAC waived this negative balance. In documentation submitted, the xxxxxxxxxxxx contest neither the beginning balance, nor any of the deposits, withdrawals or dividends noted on the spreadsheet and used by AMAC in its calculations. However, they continue to claim that they had a combined balance of approximately xxxxxx. Other than their affidavits, the xxxxxxxxxxxx present no evidence to substantiate their claim. There is no evidence substantiating

the claimed balances of xxxxxxxxxxxxxx for xxxxxxxxxxxxxxxxxxxxxxxxxxxxxx, respectively.

Order

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

The Board upholds the Liquidating Agent's decision to deny the xxxxxxxxxx claim in the amount of xxxxxxxxx and denies the xxxxxxxxx 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 Court of Appeals for the District of Columbia or the court of appeals for the Federal judicial circuit 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 28th day of January, 1999 by the National Credit Union Administration Board.

Becky Baker

Secretary of the Board

^[1] This date was chosen as a starting point for reconstruction of accounts because the Credit Union had converted to a new computer system and May 30, 1994 was the earliest date that complete information was available on the new system.

^[2] The spreadsheet indicates that when AMAC made its final calculation, xxxxxxxxxxxxxxxx account had a negative balance of xxxxxxxxxx and xxxxxxxxxxxxxxxx account had a positive balance of xxxxxxxxxx. The xxxxxxxx negative balance is the result of the netting of the two final balances.