UNITED STATES OF AMERICA

BEFORE THE NATIONAL CREDIT UNION ADMINISTRATION BOARD

In the Matter of

Docket 99-INS-002

XXXXXXXXXXX

Insurance Claim

Espirito Santo Federal Credit Union

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 appeal of the determination by the Agent for the Liquidating Agent of Espirito Santo Federal Credit Union denying the xxxxxxxxxx group claim in the amount of xxxxxxxxxxx.

Background

Espirito Santo Federal Credit Union, located in Fall River, Massachusetts, was an associational credit union, chartered to serve members of the Espirito Santo Roman Catholic Parish in Fall River. It was placed into involuntary liquidation due to insolvency, effective September 5, 1997. The liquidation was due to extensive embezzlement involving credit union officials.

The following chart sets out information on each of the xxxxxxxxx group accounts as reflected in the FCU's records.

Acct.#	<u>Name</u>	Balance	<u> Card #</u>	<u>Type</u>
XXXXXXX	XXXXXXXXXXXXXX	XXXXXXX	XXXXXXX	Reg Share
XXXXXXX	XXXXXXXXXXXXX	XXXXXX	XXXXXXX	Certificate
XXXXXXX	XXXXXXXXXXXXXX	XXXXXX	Xxxxxxx	Certificate
XXXXXXX	XXXXXXXXXXXXX	XXXXXX	XXXXXXX	Certificate
XXXXXXX	XXXXXX	XXXXXXXX	XXXXXXX	Reg Share
XXXXXXX	XXXXXXXXXXXXXX	XXXXXX	XXXXXXX	Certificate
XXXXXXX	XXXXXXXXXXXXXX	XXXXXX	XXXXXXX	Certificate
XXXXXXX	XXXXX	XXXXXXXX	XXXXXXX	Reg Share
XXXXXXXX	XXXXXXXXXXXXXX	XXXXXXX	XXXX	Certificate

Acct #

Total: xxxxxxxxxxx

The ALA assumed equal interest of all parties to each account established in more than one name. The ALA insured all accounts in more than one name as non-qualifying joint accounts. Funds in such accounts are treated as owned by the named persons as individuals, added to any other accounts individually owned by such person, and insured up to \$100,000 in the aggregate. (See 745.8(c) of the NCUA Regulations.) The two accounts in one name only were insured as single ownership accounts pursuant to Section 745.3 of the NCUA Regulations. Hence, all funds were insured as though they were held in single ownership accounts. The following chart shows the ALA's allocation of shares to each of the xxxxxxxxxx group members.

ACCI #	XXXXX	<u>xxxxxx</u> x	XXXX XXXXX	XXXXXXXXX	1 otal in	
						<u>Account</u>
xxxxxx	xxxxxxxxx				xxxxxxxx	xxxxxxxxxx
xxxxxxx	xxxxxx		xxxxxxx			xxxxxxx
XXXXXX	xxxxxxx	xxxxxx				xxxxxxx
xxxxxx	xxxxxx		xxxxxxx			xxxxxxx
xxxxxx		xxxxxxxx				xxxxxxxx
xxxxxxx	xxxxxx	xxxxxxx				xxxxxxx
xxxxxxx	xxxxxxx	xxxxxxx				xxxxxxx
xxxxxxx	xxxxxxxx					xxxxxxxx
xxxxxxxx	xxxxxxxxx	xxxxxxxxx	1	xxxxxxxxx		xxxxxxx

Under this analysis, xxxxxxxxxx of xxxxxxx funds are uninsured.

Using the same account balance allocation, the Board determined that there were joint ownership accounts, non-qualifying joint accounts and single ownership accounts, as represented below.

Acct # and Type	xxxxx	xxxxxx	xxxxx xxxx	x xxxxxx	xxxx
V					
Xxxxxxx joint	xxxxxxx				xxxxxxx
xxxxxxx NQ joint*	xxxxxxx		xxxxxx		
xxxxxxxx NQ joint*	xxxxxxx	xxxxxxx			
xxxxxxxx NQ joint*	xxxxxxx		xxxxxxx		
xxxxxxxx single		xxxxxxxx			
xxxxxxx joint	xxxxxxx	xxxxxxx			
xxxxxxx joint	xxxxxxx	xxxxxxx			
xxxxxxxx single	xxxxxxxx		1		
xxxxxxxxx joint	xxxxxxxxx	xxxxxxxxx		xxxxxxxx	

^{*}NQ joint means non-qualifying joint. These accounts are added to individual accounts pursuant

to Section 745.8(c) of the NCUA Regulations.

By applying this analysis, the total of insured shares for each individual is as follows:

<u>Name</u>	Single Coverage	Joint Coverage	Total Coverage
xxxxxx	xxxxxxxxxx	xxxxxxxxx	xxxxxxxxxx

XXXXXXXX		XXXXXXX	XXXXXX
XXXXXX	XXXXXXXXX	XXXXXXXXXX	XXXXXXXXX
XXXXX	XXXXXXX		XXXXXXX
XXXXX	XXXXXXXXX		XXXXXXXXX

Grand Total xxxxxxxxxxx

The Board has determined that the insurance payout should be made in accordance with the above analysis.

Order

Based on the above, it is ORDERED as follows:

The Board reverses the Agent for the Liquidating Agent's decision to deny the xxxxxxxxx group claim in the amount of xxxxxxxxxx and grants the xxxxxxxxx group appeal. The Board directs the Agent for the Liquidating Agent to pay the xxxxxxxxx group claim in the amount of xxxxxxxxxxx. The Board further directs the Agent for the Liquidating Agent to determine how much each of the xxxxxxxxx members should be paid based on the amount of funds each

individual has already received and the total of insured shares for each individual noted in this decision.

So **ORDERED** this 24th day of February, 1999 by the National Credit Union Administration.

Becky Baker

Secretary of the Board

Section 745.201(c) of the NCUA Regulations (12 CFR 745.201(c)) allows a claimant 30 days to request reconsideration from the ALA. Section 745.202(a) of the Regulations requires that an appeal be filed within 60 days after issuance of an initial determination or a determination on a request for reconsideration. Although more time elapsed in this case, the appeal was accepted due to miscommunication between the claimant and the ALA.