

UNITED STATES OF AMERICA

BEFORE THE NATIONAL CREDIT UNION ADMINISTRATION

In the Matter of

XXXXXXXXXXXXXXXXXXXXXXXXXXXX

Docket 99-INS-003

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 xxxxxxxxxxxxxxxxxxxxxx insurance claim.

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. The Credit Union became insolvent and was placed into liquidation by the Pennsylvania Department of Banking on March 24, 1998. The NCUA Board was named as liquidating agent by the Pennsylvania Department of Banking. NCUA's Asset Management & Assistance Center (AMAC) is responsible for managing liquidations of federally-insured credit unions.

AMAC reconstructed the xxxxxxxxxxxx accounts based on correspondence they provided and from the records available from the Credit Union. AMAC used May 30, 1994, as a start date for its reconstruction.^[1] As of May 30, 1994, Credit Union records indicated that xxxxxxxxxxxx had two share accounts and a car loan account, xxxxx xxxxxxxxxxx had a share account and a loan account, and xxxxxxxxxxxx had an account for each of their minor children. AMAC analyzed available information and produced a spreadsheet setting forth beginning balances, deposits made to and withdrawals made from the share accounts, loan payments and the final balances in the accounts on the date of liquidation. The beginning balances used by AMAC in its reconstruction were either those supplied by the xxxxxxxx or more favorable to the xxxxxxxxxxx than the amounts supplied by them. 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. Loan payments were made by payroll deduction. Due to the fact that the manager had allowed for overdrafts, without informing the xxxxxxxx, and had not properly applied xxxxxxxxxxxxxxxxxxxxxx payroll deduction to pay off the car loan, AMAC determined that the xxxxxxxxxxx were overdrawn in the amount of xxxxxxxx as of the liquidation date.

The xxxxxxxxxxx believe that they had paid off their loans and closed xxxxxxxx account and both of xxxxxxx accounts in July of 1996. However, AMAC determined in its reconstruction that the manager had not closed out the accounts and had allowed for a large negative balance to accumulate in one of the accounts. The xxxxxxxxxxx continue to claim that the accounts for their children should have had balances of xxxxxxxx and xxxxxxxx on the date of liquidation. The xxxxxxxxxxx also claim they are entitled to dividends on these amounts from August 1996, until the date of liquidation.

Other than their letters, and a notarized statement from the former Credit Union manager stating that the xxxxxxxxxxx owed no money to the Credit Union and there was a positive balance in the children's accounts,

the xxxxxxxxxx present no evidence to substantiate their claim. The xxxxxxxxxx do not contest any of the deposits, withdrawals, dividends or loan payments noted on the spreadsheet used by AMAC in its calculations. There is no credible evidence to dispute the negative balance as determined by AMAC.

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 plus dividends and denies the xxxxxxxxxx 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 19th day of May, 1999 by the National Credit Union Administration Board.

Becky Baker

Secretary of the Board

^[1] This date was chosen because it was the earliest date that complete information was available from the Credit Union's converted computer system.