



NCUA Media Release

NCUA Continues to Seek Recoveries, Files Suit Against Wachovia

Recoveries to Benefit All Federally Insured Credit Unions

ALEXANDRIA, Va. (Nov. 29, 2011) – The National Credit Union Administration (NCUA) has filed suit in Federal District Court in Kansas against Wachovia and its subsidiaries. The suit alleges violations of federal and state securities laws and misrepresentations in the sale of securities to now-failed U.S. Central Federal Credit Union (US Central) and Western Corporate Federal Credit Union (WesCorp).

This lawsuit follows several similar legal proceedings previously filed by NCUA against [J.P. Morgan Securities](#), LLC, [RBS Securities](#) and [Goldman Sachs](#).

As liquidating agent for failed corporate credit unions US Central and WesCorp, NCUA has a statutory duty to seek recoveries from responsible parties in order to minimize the cost of any failure to its insurance funds and the credit union industry. NCUA recently settled claims with [Citigroup](#) and [Deutsche Bank Securities](#) becoming the first federal regulatory agency for depository institutions to recover losses on behalf of failed financial institutions that resulted from investments in these securities.

“NCUA continues to do everything within our authority to seek maximum recoveries and ensure that those who caused the problems in wholesale credit unions pay for the losses incurred by retail credit unions,” said NCUA Board Chairman Debbie Matz. “By filing these suits, we intend to hold responsible parties accountable for their actions.”

NCUA’s complaint alleges that there were numerous material misrepresentations made by the sellers, issuers and underwriters in the offering documents of securities sold to the failed corporate credit unions. These misrepresentations caused the corporate credit unions that bought the securities to believe the risk of loss associated with the investment was minimal, when in fact the risk was substantial.

Any recoveries from these legal actions would reduce the total losses resulting from the failure of the five corporate credit unions. Losses from those failures must be paid from the Temporary Corporate Credit Union Stabilization Fund or the National Credit Union Share Insurance Fund. Expenditures from these funds must be repaid through assessments against all federally insured credit unions. Thus, any recoveries would help to reduce the amount of future assessments on credit unions.

Corporate credit unions are wholesale credit unions that provide various services to retail credit unions, which in turn serve consumers, or “natural persons.” Natural person credit unions rely



on corporate credit unions to provide them such services as check clearing, electronic payments and investments.

This suit was filed in the Federal District Court for the District of Kansas. The complaint is posted to NCUA's website at the following link:

<http://www.ncua.gov/News/Press/NW20111128WachoviaComplaint.pdf>

NCUA is the independent federal agency created by the U.S. Congress to regulate, charter and supervise federal credit unions. With the backing of the full faith and credit of the U.S. Government, NCUA operates and manages the National Credit Union Share Insurance Fund, insuring the deposits of more than 91 million account holders in all federal credit unions and the overwhelming majority of state-chartered credit unions.

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