

National Credit Union Administration
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NCUA Media Advisory

NCUA Issues Letter of Understanding and Agreement

August 4, 2010, Alexandria, Va., -- The National Credit Union Administration (NCUA) has published a Letter of Understanding and Agreement (LUA) entered into with the officials of Veritas Federal Credit Union, Franklin, Tennessee.

The LUA identifies corrective actions needed at the credit union. NCUA is working closely with the credit union to make a sustained, conscientious effort to correct noted adverse conditions, including:

- Weak management – failure to address prior LUA and DOR;
- Weak internal controls;
- Out of balance general ledger conditions;
- No Supervisory Committee audit and no complete member account verification since 2008 – prior to relocation of the credit union from California to Tennessee; and
- Inadequate Allowance for Loan and Lease Loss account balance – required funding is expected to drop Net Worth from 7.6% to 4.9%.

The credit union is open for business as usual and serving its membership. Members funds are federally insured up to \$250,000 per account by the National Credit Union Share Insurance Fund.

Violations of the LUA could result in NCUA initiating formal administration actions under the Federal Credit Union Act, such as, civil money penalties, cease and desist orders, removal and prohibition orders, or orders to liquidate, conserve or merge the credit union.

NCUA enforcement orders are online at: [click here](#)
and may be inspected at NCUA's Office of General Counsel from 9 a.m. to 4 p.m. Monday through Friday. Copies may be ordered by mail from NCUA, 1775 Duke St., Alexandria, Va. 22314-3428.

The National Credit Union Administration charters and supervises federal credit unions. NCUA, with the backing of the full faith and credit of the U.S. government, operates and manages the National Credit Union Share Insurance Fund, insuring the accounts of over 90 million account holders in all federal credit unions and the majority of state-chartered credit unions. NCUA is funded by credit unions, not federal tax dollars.

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