

UNITED STATES OF AMERICA
NATIONAL CREDIT UNION ADMINISTRATION
NATIONAL CREDIT UNION ADMINISTRATION BOARD

In the Matter of L. Kathryn Mann A Person Participating In The Affairs Of Montgomery County Employees Credit Union	Docket No. 99-0301 III
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ORDER OF PROHIBITION

WHEREAS, L. Kathryn Mann has executed a Stipulation and Consent to Issuance of an Order of Prohibition, which is accepted and approved by the National Credit Union Administration acting through its counsel; and

WHEREAS, L. Kathryn Mann in the Stipulation has consented and agreed to the issuance of this Order of Prohibition pursuant to Section 206(g) of the Federal Credit Union Act, 12 U.S.C. §1786(g), and Part 747 of the National Credit Union Administration Rules and Regulations.

NOW THEREFORE, IT IS ORDERED THAT:

1. L. Kathryn Mann is an institution-affiliated party in that she is the former employee of Montgomery County Employees Credit Union.
2. The Stipulation and Consent to the Issuance of this Order of Prohibition is made a part hereof and is incorporated herein by reference.
3. L. Kathryn Mann is prohibited from participating in any manner in the conduct of the affairs of any federally insured credit union and any other institution as defined in 12 U.S.C. §1786(g)(7).
4. This Order of Prohibition shall be effective on the date it is issued.

NATIONAL CREDIT UNION ADMINISTRATION BOARD

By: _____/S/_____

ALONZO SWANN III

Regional Director

National Credit Union Administration

Region III

Date: 3/5/99

UNITED STATES OF AMERICA
NATIONAL CREDIT UNION ADMINISTRATION
ALEXANDRIA, VIRGINIA

<p>In the Matter of</p> <p>L. Kathryn Mann</p> <p>A Person Participating In The Affairs Of Montgomery County Employees Credit Union</p>	<p>Docket No. 99-0301 III</p>
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STIPULATION AND CONSENT TO ISSUANCE OF
FINAL ORDER OF PROHIBITION

The National Credit Union Administration Board (NCUA Board), by its undersigned representative, and L. Kathryn Mann (Respondent) enter into this Stipulation and Consent to Issuance of Final Order of Prohibition (Stipulation) and stipulate and consent as follows:

WHEREAS the NCUA Board has expressed its intention to initiate an administrative enforcement proceeding pursuant to 12 U.S.C. §1786 against Respondent in connection with her participation in the affairs of Montgomery County Employees Credit Union (the Credit Union), located in Montgomery, Alabama; and

WHEREAS the NCUA Board believes that the grounds, as set forth below, exist to support such an enforcement proceeding; and

WHEREAS Respondent denies any fault, negligence or wrongdoing in connection with her participation in the affairs of the Credit Union and denies that such grounds exist, except as to jurisdiction, which are admitted;

NOW THEREFORE, the parties, seeking to avoid administrative proceedings, enter into this Stipulation:

1. Stipulated Facts. Respondent stipulates:

a. Respondent began working at the Credit Union in December 1988, working as a teller; she served as manager of the Credit Union from August 1989 until she resigned in September 1992. As manager, she was the most senior, full-time, paid employee at the Credit Union. Respondent had previously worked at two, other credit unions.

b. In her position as manager, Respondent was responsible for the day-to-day operations of the Credit Union, including but not limited to, lending, collecting, recordkeeping and administering the various share programs in accordance with the policies and procedures established by the Credit Union's Board of Directors. Respondent had the authority, *inter alia*, to approve loans and approve clearing checks drawn on accounts where there were insufficient funds to cover the amount of the check.

2. NCUA Grounds. The NCUA Board is of the opinion, based upon its investigation, that the following grounds support an enforcement proceeding:

a. Respondent was an institution-affiliated party, based upon her position as manager of the Credit Union.

b. Respondent permitted certain members to obtain loans in violation of the Credit Union's lending policy, including permitting unsecured loans in excess of the amount permitted for such loans, and accepting inadequate collateral for secured loans. Respondent also permitted these same members to clear drafts when there were insufficient funds in the account and permitted the overdraft situation to continue for several months. Checks that were deposited by these same members that did not clear the banks on which they were drawn were, in some instances, not charged back to the members. In some instances, overdrafts were concealed by granting loans to pay off the overdraft situation. As a result of these and other unsafe and unsound practices, the Credit Union suffered losses in excess of \$100,000.

c. The foregoing conduct demonstrates that Respondent engaged in unsafe and unsound practices and breached her fiduciary duty to the Credit Union. In addition, there is evidence that Respondent concealed these practices and this demonstrates her unfitness to participate in the affairs of a credit union.

3. Jurisdiction. In connection with her participation in the affairs of the Credit Union, Respondent was an institution-affiliated party as defined in 12 U.S.C. §1786(r).

4. Consent. Respondent consents to the issuance by the NCUA Board of a Final Order of Prohibition (Order) in consideration of the settlement, compromise and resolution of all potential administrative claims and charges that have been or might be asserted by the NCUA Board against her arising out of her participation in the affairs of the Credit Union, stipulates that the Order is lawful and, further, agrees to comply with its terms commencing upon the date of issuance.

5. Waivers. Respondent waives her right to an administrative hearing as provided in 12 U.S.C. §1786(g) and Part 747 of the National Credit Union Administration Rules and Regulations and,

further, waives her right to seek judicial review of the Order or otherwise to challenge its validity.

6. **Finality.** The Order shall be issued pursuant to 12 U.S.C. §1786(g) and, upon issuance by the NCUA Board, shall be final, unappealable, effective and fully enforceable by the NCUA Board.

7. **Miscellaneous.** Pursuant to this Stipulation, Respondent agrees:

a. The construction and validity of this Stipulation and the Order shall be governed by the laws of the United States of America, and the section and paragraph headings shall not affect the interpretation of this Stipulation and the Order.

b. This Stipulation and the Order represent the final and complete agreement of the parties with respect to matters within the administrative enforcement authority of the NCUA Board. Respondent specifically acknowledges her understanding and agrees that the execution of this stipulation and issuance of the Order will not operate to relieve her from any potential criminal jeopardy that may exist as a result of her actions and that the NCUA cannot and does not, by entering into this agreement, make any agreement with Respondent on behalf of any other state or federal agency, including without limitation the Internal Revenue Service, with respect to any other civil or criminal liability for which Respondent may be held responsible or found culpable.

c. Respondent will cooperate with the NCUA Board by providing truthful and complete information, upon request, concerning matters relating to NCUA's investigation of the affairs of the Credit Union, including but not limited to, full cooperation in any subsequent administrative enforcement action that NCUA may bring against others affiliated with the Credit Union.

WHEREFORE, the parties, individually or by an authorized representative, intending to be bound, execute this Stipulation.

BY SIGNING BELOW, RESPONDENT ACKNOWLEDGES THAT SHE HAS READ THIS STIPULATION AND CONSENT AND, FURTHER, HAS HAD AN OPPORTUNITY TO CONSULT WITH LEGAL COUNSEL.

RESPONDENT NATIONAL CREDIT UNION

ADMINISTRATION BOARD

_____/S/_____/ 10/30/98 _____/S/_____/ 3/15/99 _____

L. Kathryn Mann

Date By:

Date