



NCUA Media Release

NCUA Sues Former Texans Credit Union CEO for “Grossly Negligent Conduct”

Suit Alleges Addison Ignored Risk Warnings, Withheld Information

ALEXANDRIA, Va. (Dec. 20, 2012) – The National Credit Union Administration (NCUA) today filed suit in Federal District Court in Dallas against David Addison, former CEO of Texans Credit Union (TCU), alleging Addison breached his fiduciary duty to members and was “grossly negligent” in his management of the credit union, which is now in conservatorship.

NCUA alleges Addison, hired as the credit union’s CEO in 2003, pursued a high-risk business and investment strategy that included acquiring the financial services firm OBS Holdings, Inc. (OBS). According to NCUA’s complaint, Addison’s “gamble with TCU’s funds in these high-risk, largely unstable businesses and investments is what caused TCU’s ultimate downfall.” Although the complaint does not ask for a specific damage award, the OBS purchase eventually cost TCU approximately \$16 million in losses.

“NCUA is required by statute to take every action we can to recover TCU’s losses, including legal action,” NCUA Board Chairman Debbie Matz said. “Any recoveries in this case will go directly to TCU, assisting in NCUA’s rehabilitation efforts at TCU. Mr. Addison’s actions were very costly to the credit union, and financial institution regulators have a responsibility to hold accountable those parties—institutions or individuals—when they undermine safety and soundness.”

TCU, a state-chartered, federally insured credit union, is located in Richardson, Texas. Founded in 1953, TCU currently has almost 130,000 members and approximately \$1.4 billion in assets. NCUA found the credit union near insolvency in 2011 and placed it into conservatorship. Since then, TCU has improved operating efficiencies and risk-management strategies, earning more than \$21 million in 2012 as of Nov. 30.

Other allegations leveled by NCUA in the filed complaint include:

- Addison, as CEO of TCU, pursued acquisitions and investments that “exposed TCU to an extraordinary level of risk,” ultimately costing the credit union debilitating losses.
- Addison knew his actions could significantly injure the credit union and violated certain credit union laws. He nonetheless pursued the purchase of OBS, ignoring counsel that the acquisition was extremely risky and was impermissible under Texas law.
- Addison concealed and misrepresented material information about his business dealings to TCU’s board of directors in order to push through his agenda.

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The complaint is available on NCUA’s website [here](#).

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 nearly 94 million account holders in all federal credit unions and the overwhelming majority of state-chartered credit unions.

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