

## **Statement of Michael Fryzel, former NCUA Board Chairman and Board Member**

As Chairman of the NCUA Board at the start of the corporate crisis, it was my responsibility to put in place the steps necessary to insure that the credit union industry would survive the anticipated financial impact. In addition, it was important for credit unions to know that every effort would be made to recover as much monies as possible from those whose actions contributed to the financial disaster. Early on, we began the process of determining who should be sued.

As a board member and after leaving NCUA, I continued to advocate for full recovery. I also sought full disclosure of the amounts recovered and the fees paid to the contracted attorneys who assisted in that recovery. It is encouraging that NCUA is today making both sets of numbers public.

For those who believe that the fees earned by the attorneys are high, they need to understand that is the way the legal system works. In a suit for damages, attorneys earn a percentage of what they recover. The more they get for a client, the more they earn for themselves. It is an incentive-based system that encourages a greater effort. Had they charged an hourly rate or the recovery was minimal, many would complain that NCUA wasted credit union funds.

The settlements to date have been good with more to come. The decision to pursue these lawsuits was the right one as was the contingency basis fee.