

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

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In the Matter of the	)	
Cease-and-Desist Order of	)	
People for People Community Development	)	
State Credit Union	)	Docket No. 11-0049 – R2
Philadelphia, PA	)	
_____	)	

**STIPULATION AND CONSENT  
TO CEASE AND DESIST ORDER**

The National Credit Union Administration Board ("the NCUA Board"), by and through its undersigned Regional Director, and People for People Community Development State Credit Union ("the Credit Union" or "People for People") hereby stipulate and agree as follows:

1. Consideration. The NCUA Board is of the opinion that grounds exist to initiate an administrative cease and desist action against the Credit Union pursuant to Section 206 of the Federal Credit Union Act, 12 U.S.C. § 1786. The Credit Union, without admitting that said grounds exist (except those set forth as to jurisdiction in paragraph 2), desires to avoid the time, cost and expense of administrative litigation. Accordingly, the Credit Union consents to this Stipulation and Consent to Cease and Desist Order ("Stipulation") and subsequent issuance by the NCUA Board of a Cease and Desist Order ("Order").

2. Jurisdiction.

(a) The Credit Union is an "insured credit union" within the meaning of the Federal Credit Union Act, 12 U.S.C. §1752(7).

(b) Pursuant to the authority vested in the NCUA Board under Section 206 of the Federal Credit Union Act, 12 U.S.C. §1786, and Part 747 of the NCUA Rules and Regulations, it is an appropriate Federal agency to maintain enforcement proceedings against such an insured credit union. Therefore, the Credit Union is subject to the authority of the NCUA to initiate and maintain proceedings against it.

3. Consent. The Credit Union consents to the issuance by the NCUA Board of the accompanying Cease and Desist Order. Pursuant to the Federal Credit Union Act, the Credit Union consents to the following terms and conditions:

Effective November 1st, 2011, the Credit Union shall immediately:

- A. Ensure the certified public accountant (CPA) Balance Sheet audit and verification of members' accounts performed for March 31, 2011, is completed and presented to the board of directors by November 30, 2011.
- B. Follow all requirements outlined in the final CPA, March 31, 2011, Balance Sheet audit report, including adjusting entries, as necessary.
- C. Engage a CPA firm acceptable to NCUA's Region II Director no later than November 30, 2011, to perform a September 30, 2011 Financial

Statement audit of the Credit Union's financial statements and perform a verification of member accounts pursuant to §714 of Title 17 of the Pennsylvania Credit Union Code and the Memorandum of Understanding signed on May 24, 2011. This is based on serious and persistent record keeping problems and the failure to perform or obtain an annual audit.

- i. Provide the CPA full cooperation and complete access to all Credit Union records, including reconciled bank accounts. Do not obstruct, delay or interfere in any manner with the audit. Hire a person to facilitate the audit or to perform other duties so the manager will be free to comply in a timely manner with all requests from the CPA performing the audit.
- ii. Require that the CPA provide NCUA with a copy of all reports provided to the Credit Union, including drafts and the final report, contemporaneously with the Credit Union.
- iii. Require the CPA, upon request of employees of NCUA, to provide progress reports and work papers, records of interviews, or any other information used in preparation of the audit.
- iv. Take appropriate measures to protect the integrity of all records. Comply with all federal rules, including Part 749 of NCUA's Rules and Regulations, applicable to maintaining financial records and do not destroy any records before the financial statement audit as required by this Order is completed to the satisfaction of the Board.

- D. Ensure the September 30, 2011, audit is completed and presented to the Credit Union's board of directors by January 31, 2012;
- E. Follow all requirements outlined in the final CPA, September 30, 2011, financial statement audit report, including adjusting entries, as necessary.
- F. Obtain an independent third party to perform a fraud audit into the activities of the prior teller for purposes of identifying additional fraud or losses. Ensure the fraud audit covers all areas addressed in the Memorandum of Understanding, and the final report is presented to the board of directors by November 30, 2011.
- G. Develop, and submit to the Pennsylvania Department of Banking and NCUA, a revised Net Worth Restoration Plan (NWRP) meeting the requirements of NCUA's Rules and Regulations §702.206 (c) no later than November 20, 2011.
- H. Develop an Allowance for Loan and Lease Losses (ALLL) review and funding policy in accordance with NCUA Letter to Credit Unions 02-CU-09.
- I. Beginning November 30, 2011, charge-off loans quarterly in accordance with the Credit Union's charge-off policy and NCUA Letter to Credit Unions 03-CU-01.
- J. Beginning November 30, 2011, obtain reimbursement from Greater Exodus Baptist Church for all guaranteed loans greater than 60 days delinquent.

- K. Reconcile and bring current all financial records, including bank and cash accounts, by November 30, 2011, and the 20<sup>th</sup> of every month thereafter.
- L. Establish and oversee a Bank Secrecy Act ("BSA") compliance program that meets all regulatory requirements and specifically accomplishes the following by November 30, 2011:
  - i. Identifies and reports any transaction or activity that is suspicious and involves or aggregates funds or other assets of \$2,000 or more;
  - ii. Provides for an annual assessment of BSA risks;
  - iii. Contains a Customer Identification Program, pursuant to 12 C.F.R. §748.2(b); and
  - iv. Monitors business accounts based on the initial risk assessment of the business account activity.
- M. Obtain by December 31, 2011, and then annually require, an independent, qualified third party to perform independent testing of BSA activities and processes, including suspicious activity reporting.

4. Modification. The Credit Union and the NCUA Board agree that the above items in the preceding paragraphs will remain in effect unless modified in writing by the NCUA Region II Director. The Credit Union agrees that any such modification shall constitute an amendment to the Order and shall be fully enforceable by the NCUA Board.

5. Waivers. The Credit Union waives its right to an administrative hearing to the Cease and Desist Order as provided for in §206 of the Federal Credit Union

Act, 12 U.S.C. § 1786. It further waives its right to seek judicial review of the Cease and Desist Order or otherwise challenge the validity or legality of the Order.

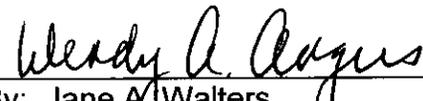
6. Finality. The Cease and Desist Order will be issued pursuant to § 206 of Federal Credit Union Act, 12 U.S.C. § 1786. Upon its issuance by the NCUA Board, it shall be a final Order, effective and fully enforceable by NCUA.

**WHEREFORE**, in consideration of the foregoing, the undersigned, on behalf of NCUA and the Credit Union, execute this Stipulation and Consent to Cease and Desist Order.

**FOR THE CREDIT UNION:**

  
\_\_\_\_\_  
Name & Title  
11/10/11  
\_\_\_\_\_  
Date

**FOR THE NATIONAL CREDIT UNION ADMINISTRATION BOARD**

*for*   
\_\_\_\_\_  
By: Jane A. Walters  
Regional Director, Region II  
11/16/11  
\_\_\_\_\_  
Date



**NOW THEREFORE, IT IS ORDERED THAT:**

1. The Board has jurisdiction over People for People Community Development Credit Union pursuant to Section 206(e) of the Federal Credit Union Act.
2. The Stipulation and Consent November 1, 2011a is approved and is incorporated into this Order by reference.
3. The effective date of this Order is November 1, 2011.

**FOR THE NATIONAL CREDIT UNION ADMINISTRATION BOARD**

BY: Wendy A. Angus  
for Regional Director  
Dated: 11/16/11