

**UNITED STATES OF AMERICA
NATIONAL CREDIT UNION ADMINISTRATION
Alexandria, Virginia**

)	
In the Matter of)	
)	Docket No.: 12-0001-R4
MELINDA K. RIDDLE)	
)	

NOTICE OF PROHIBITION

WHEREAS on or about February 18, 2011, Melinda K. Riddle ("Riddle") was convicted of Theft, K.S.A 21-3701(b)(2) and Computer Crime, K.S.A. 21-3755(b), in connection with her employment at Leavenworth Teachers & Community Credit Union in Leavenworth, Kansas;

WHEREAS violations of K.S.A 21-3701(b)(2) and K.S.A. 21-3755(b) are criminal offenses involving dishonesty and breach of trust;

NOW, THEREFORE, YOU ARE HEREBY NOTIFIED THAT:

1. Pursuant to 12 U.S. C. § 1785(d)(1)(A) and 12 U.S.C. § 1829(a)(1)(A), Riddle is prohibited from becoming an "institution affiliated party" of any insured depository institution, as defined in 12 U.S.C. § 1786(r); otherwise participating, directly or indirectly, in the conduct of the affairs of any insured depository institution; and owning or controlling, directly or indirectly, any insured depository institution;

2. Pursuant to 12 U.S. C. § 1785(d)(1)(B) and 12 U.S.C. § 1829(a)(1)(B), no insured depository institution may permit Riddle to engage in any conduct or continue in any relationship prohibited in paragraph 1 above;

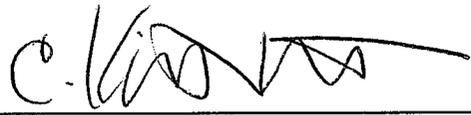
3. Pursuant to 12 U.S.C. § 1785(d)(3) and 12 U.S.C. § 1829(b), whoever knowingly violates paragraph 1 or 2 above is subject to a fine of not more than \$1 million for each day such prohibition is violated, or imprisonment for not more than five (5) years, or both;

4. The "Summary Proceeding Order" filed June 17, 2011, Case no.: 2011-46 is made a part hereof and is incorporated herein by reference; and

5. This Notice of Prohibition shall be effective and enforceable on the date of set forth below.

IT IS SO ORDERED this 12th day of January, 2012.

NATIONAL CREDIT UNION ADMINISTRATION BOARD

By: 

C. Keith Morton
Regional Director
NCUA Region IV

BEFORE THE KANSAS DEPARTMENT OF CREDIT UNIONS

In the Matter Of)
)
MELINDA K. RIDDLE,)
Respondent)
_____)

Case No. 2011-46

SUMMARY PROCEEDING ORDER

I. Summary of Case

Respondent Melinda K. Riddle ("Respondent") was employed as a manager of Leavenworth Teachers and Community Credit Union ("LT&CCU") in Leavenworth, Kansas, from October 29, 2001, through March 5, 2010. In June 2009, LT&CCU entered into an agreement to merge with Mainstreet Credit Union ("MCU"). While performing pre-merger due diligence, MCU staff discovered irregularities with Respondent's personal accounts. An audit conducted by Tenbrink and Associates revealed Respondent engaged in the following: She made unauthorized advances to member loans, she made unauthorized withdrawals from member accounts, she converted insurance refund checks due the credit union to her own use, she paid herself for unauthorized expenses, she made unauthorized advances on her own loans, she deposited fee income due the credit union to her personal accounts, and she paid herself for vacation pay when she did not take vacation leave.

A report was filed with the Leavenworth County Police Department. Respondent admitted stealing from the credit union during initial interviews with the police. The value of the theft totaled \$66,192.22. Respondent executed a scheme to defraud and to obtain the moneys, funds, credits, assets, or other property owned by and under LT&CCU by false and fraudulent pretenses, representations, and promises, by transferring and using over \$66,192.22 of this fraudulently obtained money for her personal benefit.

On February 18, 2011, Respondent appeared in person in Leavenworth County District Court for a plea hearing where she was charged with two felonies: Count 1, K.S.A. 21-3701(b) (2), theft value \$25,000 to \$100,000; and Count 2, K.S.A. 21-3755(b), computer crime. Respondent pled guilty as charged to each of the counts. On March 3, 2011, Respondent was sentenced to two years probation, and she was ordered to pay \$66,192.22 in restitution.

The Kansas Department of Credit Union Administrator has the authority to prohibit from participation in a Kansas Credit Union in any manner an employee who has committed a violation of law and whose actions, the administrator determines, has or will result in substantial financial loss or other damage that seriously prejudices the interests of the members of the credit union. K.S.A. 17-2242(b). This Summary Proceeding Order prohibits Respondent from further employment with MCU or any other credit union certified under K.S.A. 17-2201, *et seq.*, because of the financial loss already sustained as a result of Respondent's egregious conduct.

II. Jurisdiction

1. The Administrator is duly appointed under the laws of the State of Kansas, K.S.A. 17-2201 *et seq.*, and is therein authorized to initiate proceedings, hold hearings and do all things necessary to supervise credit unions organized under the laws of the State of Kansas. K.S.A. 17-2206(a).

2. The Administrator's authority includes the ability to suspend from office and prohibit from further participation in any manner in the conduct in the affairs of a credit union any employee who has committed any violation of a law, rule, and regulation. K.S.A. 17-2242(b).

3. Respondent Riddle was employed at a credit union that was supervised by the administrator, to wit: Leavenworth Teachers & Community Credit Union, 1608 S. 4th Street, Leavenworth, Kansas.

4. Respondent Riddle pled guilty to two felony charges on February 18, 2011.

5. All administrative proceedings instituted or conducted by the administrator must be conducted in accordance with the Kansas Administrative Procedures Act (K.S.A. 77-501 *et seq.*) ("KAPA") pursuant to K.S.A. 17-2206(h). Pursuant to 77-537, a state agency may use summary proceedings when: the use of such proceedings does not violate the law; the protection of the public interest does not require the state agency to give notice and an opportunity to participate to persons other than the parties; the state agency believes, in good faith, that the allegations will be supported to the applicable standard of proof; and the order does not take effect until after the time for requesting a hearing has expired. Respondent is the only person entitled to a hearing under this proceeding. *See* K.S.A. 17-2242(b).

III. Facts

6. From October 29, 2001, through March 5, 2010, Respondent Riddle was employed as a manager at Leavenworth Teachers and Community Credit Union, 1608 S. 4th Street, Leavenworth, Kansas.

7. LT&CCU is regulated by the Kansas Department of Credit Unions, pursuant to K.S.A. 17-2201, *et seq.*

8. In June 2009, LT&CCU entered into an agreement to merge with Mainstreet Credit Union ("MCU"). While performing pre-merger due diligence, MCU staff discovered irregularities with Respondent's personal accounts.

9. An audit conducted by Tenbrink and Associates revealed Respondent executed a scheme to defraud and to obtain the moneys, funds, credits, assets, or other property owned by and under LT&CCU, by false and fraudulent pretenses, representations, and promises, by transferring and using over \$66,192.22 of this fraudulently obtained money for her personal benefit.

10. On February 18, 2011, Respondent appeared in person in Leavenworth County District Court for a plea hearing where she was charged with two felonies: Count 1, K.S.A. 21-3701(b)(2), theft value \$25,000 to \$100,000; and Count 2, K.S.A. 21-3755(b), computer crime. Respondent pled guilty as charged to each of the counts. A certified copy of the Plea Journal Entry is attached to this Order, marked Exhibit A, and incorporated herein as though recited in full.

11. On March 3, 2011, Respondent was sentenced to two years probation, and she was ordered to pay \$66,192.22 in restitution.

IV. Statement of Additional Authority

12. The foregoing language is incorporated herein as though recited in full.

13. K.S.A. 17-2242(b), in relevant part, authorizes the Administrator to prohibit from further participation in any manner in the conduct of the affairs of a credit union any employee who has committed any violation of a law when the Administrator determines that such actions have or will result in a substantial financial loss or other damage that seriously prejudices the interests of the [credit union] members.

14. Respondent was convicted of one count of theft and one count of computer crime, conduct engaged in by Respondent while an employee at LT&CCU.

15. Respondent's conduct has resulted in financial loss and other damages that seriously prejudice the interests of the LT&CCU members and any other members of the public who may encounter him.

WHEREFORE, Administrator orders that Respondent Riddle is prohibited from participation in any manner in the conduct of the affairs of any credit union under the jurisdiction of the Credit Union Administrator of the State of Kansas. This includes participation as a credit union director, officer, committee member, or employee.

IT IS SO ORDERED.

ENTERED THIS 17th day of June, 2011, in Topeka, Shawnee County,
Kansas.



John P. Smith
Administrator

NOTICE OF RELIEF FROM THIS SUMMARY PROCEEDING ORDER

You have the right to request a hearing on this order by filing a written request for a hearing within fifteen (15) days of service of this order. K.S.A. 77-542. If you do not request a hearing in accordance with the terms of this Notice, this order shall become final upon expiration of the time for requesting a hearing. Any request for hearing must be in writing sent to:

John P. Smith, Administrator
Kansas Department of Credit Unions
109 S.W. 9th Street, Suite 610
Topeka, Kansas 66612

Pursuant to K.S.A. 77-529, any party, within fifteen (15) days after service of a Final Order, may file a petition for reconsideration with the Kansas Department of Credit Unions, stating the specific grounds upon which relief is requested. The filing of the petition is not a prerequisite for seeking judicial review. If reconsideration has not been requested, a petition for judicial review of a final order shall be filed within thirty (30) days after service of the Final Order. If reconsideration has been requested, a petition for judicial review of a Final Order shall be filed within thirty (30) days after service of the order rendered upon reconsideration or thirty (30) days after service of an order denying the request for reconsideration. A written petition for judicial review of the Final Order shall be served on:

John P. Smith, Administrator
Kansas Department of Credit Unions
109 S.W. 9th Street, Suite 610
Topeka, Kansas 66612