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NCUA Media Advisory

NCUA Intervenes in WesCorp Lawsuit

December 30, 2009, Alexandria, Va. – The National Credit Union Administration, as Conservator of Western Corporate Federal Credit Union (“WesCorp”), today filed papers in Superior Court in Los Angeles to intervene as plaintiff in a lawsuit against several current and former employees and officials of WesCorp. NCUA maintains that it is the proper plaintiff and should be permitted to replace the current plaintiffs and determine whether and how to proceed with any action against WesCorp’s former Board members and employees.

The civil action, brought by seven natural person credit unions that are members of WesCorp, alleges negligence and breach of fiduciary duties in connection with WesCorp’s substantial investments in residential mortgage backed securities and collateralized debt obligations.

WesCorp has been operating under federal control since being placed into conservatorship by the National Credit Union Administration in March. As Conservator the NCUA operates the institution through its management team and is the successor to all the rights titles, powers and privileges of the credit union and any of its members, accountholders, officers or directors.

NCUA concluded it had an obligation to intervene on behalf of all members of WesCorp.

In announcing the decision to intervene, NCUA General Counsel Bob Fenner stated that "as Conservator, NCUA has an obligation to protect the interests of all the members of WesCorp. NCUA has been actively investigating whether legal action is appropriate against many different parties, including former WesCorp officials, to redress the losses the institution has suffered. That investigation is continuing.

"Federal law provides that NCUA as Conservator is the appropriate party to represent the interests of all members in connection with any recovery attempts. While we did not choose to initiate this litigation, we believe NCUA has an obligation to intervene because claims of this nature belong to all of WesCorp’s members, not just the first plaintiffs to arrive at the courthouse."

The National Credit Union Administration is the independent federal agency that regulates charters and supervises federal credit unions. NCUA, with the backing of the full faith and credit of the U.S. government, also operates and manages the National Credit Union Share Insurance Fund, insuring the deposits of over 90 million account holders in all federal credit unions and the majority of state-chartered credit unions.

