

UNITED STATES OF AMERICA

NATIONAL CREDIT UNION ADMINISTRATION

NATIONAL CREDIT UNION ADMINISTRATION BOARD

In the Matter of JOSEPH MOSKALUK Former manager of Backus Hospital Employees Credit Union Norwich, CT	 Docket No. 9808-01-I
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ORDER OF PROHIBITION

Pursuant to Section 206(i)(1) of the Federal Credit Union Act, 12 U.S.C. §1786(i)(1), you are hereby notified that you are prohibited from participating in any manner in the affairs of any federally insured credit union. This prohibition results from activities you engaged in during your affiliation with Backus Hospital Employees Credit Union (BHECU). This prohibition is effective immediately upon service. In accordance with Section 206(g)(7)(A) of the Federal Credit Union Act, 12 U.S.C. §1786(g)(7)(A), this Order shall constitute a prohibition from further participation in any manner in the affairs of any federally insured financial institution, or other entity identified therein, without the written permission of the appropriate federal regulatory agency. This Order has been issued based on the following information.

You pleaded guilty to one count of Title 18, United States Code, Section 657, Misapplication of Credit Union Funds. You were sentenced on March 11, 1997, by Janet Bond Arterton, U.S. District Judge for the United States District Court, District of Connecticut, to imprisonment of 4 months Home Confinement with electronic monitoring, followed by supervised release for a term of three years, and to pay restitution in the amount of \$156,095.45. A copy of the Amended Judgment in a Criminal Case, dated March 31, 1997, is attached to this Order as Attachment 1 and is incorporated by reference herein. Because an appeal has not been filed within the time specified by the Federal Rules of Appellate Procedure, your conviction is now final.

The offense of which you were convicted, Misapplication of Credit Union Funds, was committed while you were employed as manager of the Backus Hospital Employees Credit Union of Norwich, Connecticut. You resigned as manager on May 18, 1994, after admitting to the use of BHECU funds for unauthorized family expenses. After your resignation, a special audit review revealed that you engaged in extensive check kiting activity. Your kiting scheme consisted of making large deposits of checks drawn on various accounts, manipulating account balances to indicate substantial negative balances until the end of the month, delaying the recording of ACH transmissions that contained the checks that were used for the kiting scheme, covering cash shortages by manipulating the monthly bank reconciliation's and using checks payable to cash to remove funds from BHECU. Your illegal acts resulted in a \$156,095.45 loss to BHECU. At the time of your criminal action, BHECU was a federally insured credit union.

The offense to which you pleaded guilty involved personal dishonesty and breach of trust. Your continued participation in the affairs of any federally insured credit union may pose a threat to the interests of credit union members and may threaten to impair public confidence in the credit union involved.

NOTICE OF HEARING

Pursuant to Section 206(i)(3), of the Federal Credit Union Act, 12 U.S.C. §1786(i)(3), you may request in writing, within thirty days of service of this Order, an opportunity for a hearing at which you may present evidence and argument that your continued participation in the affairs of any federally insured credit union would not, or would not be likely to, pose a threat to the interests of that credit union's members or threaten the public confidence in the credit union. Any such request should be sent to: Secretary of the Board, National Credit Union Administration, 1775 Duke Street, Alexandria, Virginia 22314-3428. This hearing will be held in the Washington, D.C. metropolitan area, or such other place as designated by the Board, in accordance with Subpart D of Part 747 of the National Credit Union Administration's Rules and Regulations, 12 C.F.R. §747.301 *et.seq.*

PENALTY FOR VIOLATION OF ORDER OF PROHIBITION

Pursuant to Section 206(k)(2) of the Federal Credit Union Act, 12 U.S.C. §1786(k)(2), any violation of this Order may subject you to a Civil Money Penalty of up to \$1,000,000.00 a day for each day said violation continues. In addition, pursuant to Section 206(I) of the Federal Credit Union Act, 12 U.S.C. §1786(I), any violation of this Order is a felony offense that is punishable by imprisonment of up to five years and a fine of up to \$1,000,000.00.

Date:

National Credit Union Administration Board

By Delegated Authority

By:

Rick Ravine
Acting Regional Director, Region I
National Credit Union Administration