



OIG-26-07

Limited Review of Team Financial Federal Credit Union

June 23, 2026



OFFICE OF INSPECTOR GENERAL

Memorandum

SENT BY EMAIL

DATE: June 23, 2026

TO: See Distribution List

FROM: Acting Inspector General Marta Erceg *Marta Erceg*

SUBJECT: Limited Review of Team Financial Federal Credit Union

This memorandum presents the results of our limited review of the circumstances related to the loss incurred by the National Credit Union Share Insurance Fund (Share Insurance Fund) with respect to Team Financial Federal Credit Union (Team Financial), Houston, Texas, chartered on January 1, 1970. As of September 30, 2025, the credit union reported \$4,255,000 in total assets. On December 23, 2025, the NCUA approved the merger of Team Financial into Cy-Fair Federal Credit Union with cash assistance to offset the negative equity position. This assistance resulted in a loss to the Share Insurance Fund of \$699,321.

The Federal Credit Union Act requires the Inspector General to identify any non-material losses that were incurred by the Share Insurance Fund with respect to insured credit unions during the preceding 6-month period and determine the grounds identified for appointing the NCUA Board as the liquidating agent for a credit union (the credit union was not liquidated here, so there was no need to determine these grounds), determine whether any unusual circumstances existed that might warrant an in-depth review, and prepare a written report on the results of our determinations.¹ Applying these steps is what comprised our limited review. This loss to the Share Insurance Fund occurred during the period of October 1, 2025, through March 31, 2026.²

With respect to Team Financial, because the loss to the Share Insurance Fund was less

¹ 12 U.S.C. § 1790d(j)(4).

² There are two semiannual reporting periods: (1) April 1 through September 30 and (2) October 1 through March 31.

than the material loss threshold set forth in the Federal Credit Union Act,³ we conducted a limited review. We performed procedures that included: (1) reviewing and summarizing examination⁴ reports, supervisory memoranda, and other pertinent documents; (2) assessing the CAMELS ratings⁵ assigned to the credit union during the 5 years preceding the loss; (3) conducting interviews with NCUA personnel; (4) determining whether any investigative actions were taken, planned, or considered regarding credit union officials; and (5) analyzing supervisory history and other supervisory review methods. We performed our fieldwork from April 2026 through May 2026.

All work completed complied with the Council of the Inspectors General on Integrity and Efficiency's Quality Standards for Federal Offices of Inspector General (August 2012), which require that the work adheres to the professional standards of independence, internal control, and quality assurance to ensure the accuracy of the information presented.

Cause of Loss to the Share Insurance Fund

The loss to the Share Insurance Fund resulted from Team Financial becoming critically undercapitalized and insolvent due to extensive operational and financial failures. Management operated the credit union with weak internal controls, including a lack of recordkeeping and insufficient segregation of duties due to a limited number of employees, two of whom were relatives. These activities led to: (1) identified level 2 fraud;⁶ (2) the credit union operating with a fictitious fidelity bond⁷ for 8 years; and (3) significant losses caused by multiple deficiencies with the credit union's recordkeeping.

On April 22, 2025, the Southern Region's Division of Supervision received a fraud hotline tip from a former Team Financial employee regarding members of management. NCUA opened a fraud examination on May 15, 2025. NCUA examiners found that a former

³ A loss is material if it exceeds the sum of \$25 million and an amount equal to 10 percent of the total assets of the credit union on the date on which the NCUA Board initiated assistance under section 1788 of the Federal Credit Union Act or was appointed liquidating agent. In such a case, the Inspector General would conduct a material loss review. Id. § 1790d(j)(1)-(2).

⁴ For most small federal credit unions with less than \$50 million in total assets and CAMELS ratings of 1, 2, or 3, the NCUA follows its Small Credit Union Examination Program, a streamlined program that focuses on the most pertinent areas of risk in these institutions. Small credit unions with a CAMELS rating of 4 or 5 are generally overseen under the NCUA's risk-focused program, which concentrates on the highest-risk areas.

⁵ **C**apital adequacy, **A**sset quality, **M**anagement, **E**arnings, **L**iquidity, and **S**ensitivity to market risk. Examiners assign each CAMELS component and an overall, composite score, a rating of "1" (no cause for supervisory concern) through "5" (greatest supervisory concern).

⁶ The NCUA Examiner's Guide defines level 2 fraud as suspected or confirmed fraud, regardless of loss amount, when it threatens the viability of a credit union, is likely to cause a loss to the Share Insurance Fund, or is pervasive to a credit union, or any fraud in which management or officials are potentially involved until the full extent of the fraud can be determined.

⁷ A fidelity bond provides coverage for losses resulting from acts of fraud or dishonesty, including forgery, theft, embezzlement, wrongful abstraction, or misapplication committed by an individual, whether acting alone or in collusion with others.

executive modified an employee's personal check to benefit their relative (although the check was never cashed) and funded a loan to a deceased family member. Additionally, NCUA examiners found that a former manager had a federal criminal conviction that the Team Financial board was unaware of, which should have disqualified the individual from holding any position at the credit union. Because of family relationships within Team Financial's management and insufficient segregation of duties, the risk of collusion from conflicts of interest was elevated. On July 2, 2025, Team Financial was transferred to the Division of Special Actions after the discovery of insider fraud, recordkeeping deficiencies, and use of a fictitious bond. To further examine these deficiencies with the recordkeeping that stemmed from a separate inquiry into the wrongful activities performed by former management, NCUA and a consulting group hired by the board of the credit union conducted a review of the books and records. NCUA examiners reported the results of the review in an examination report as of September 30, 2025.

The examination determined that the credit union was in troubled condition.⁸ Numerous recordkeeping deficiencies were found and resulted in approximately \$1.3 million in accounting write-offs due to significant imbalances in the general ledger accounts. Recordkeeping issues that contributed to ongoing accounting inaccuracies included: (1) certificates of deposits that did not match their supporting documentation; (2) significant differences between the share trial balance and the general ledger; (3) a general ledger cash account with no corresponding cash assets; and (4) stale-dated transactions that were not properly reconciled and cleared. Examiners found that this activity had been ongoing and frequently occurred prior to previous supervision examinations possibly to mask the credit union's financial condition. This allowed accounting deficiencies that resulted in losses that revealed a deteriorating condition, leading to the credit union being deemed insolvent. Due to the institution's deteriorating financial condition and compounding operational problems, the NCUA concluded that the credit union's ongoing operations were not viable and that the credit union had no realistic prospect of restoring capital, requiring the NCUA to take supervisory action within 90 days.⁹ After evaluating all available options, the NCUA determined that a cash-assisted merger was the most expeditious and cost-effective option for Team Financial, its members, and the Share Insurance Fund. Approval for the cash-assisted merger was issued on December 23, 2025.

Conclusion

The loss to the Share Insurance Fund resulted primarily from Team Financial's improper recordkeeping and weak internal controls. These internal control failures contributed to the credit union becoming critically undercapitalized and unable to operate in a safe and sound manner. Issues of this nature are common among smaller credit unions, where limited staffing and resources make it more difficult to maintain robust internal controls

⁸ Troubled condition is defined by 12 CFR Part 701, Subchapter A, as a federal credit union that has been assigned a 4 or 5 CAMELS rating by NCUA.

⁹ Within 90 calendar days after a credit union is classified as critically undercapitalized, the NCUA is required to take one of the following three actions: (1) place the credit union into conservatorship, (2) place the credit union into liquidation (which may include a purchase and assumption), or (3) take other corrective action, such as requiring a merger. 12 CFR Part 702, Subpart A-Prompt Corrective Action.

and effective oversight.

Based on our review of the causes of the loss to the Share Insurance Fund, we determined that there were no unusual circumstances that would necessitate an in-depth review of the loss.

We appreciate the cooperation and courtesies NCUA management and staff provided to us during the limited review. If you have any questions, please contact me at 703-518-6350.

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