

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

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IN THE MATTER OF

MICHAEL J. FOUCH

No.97-0303-IV

An Institution Affiliated Party and  
Person Participating in the Affairs  
of the Bay Area Medical Federal Credit Union

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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 Bay Area Medical Federal Credit Union. 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 upon the following information.

You pleaded guilty to the following counts of Title 18, United States Code: Section 657, embezzlement from a financial institution; Section 1006, making false entries in the records of a financial institution; and Section 1957, money laundering. You were sentenced on April 9, 1996, by the U.S. District Court for the Western District of Michigan, to imprisonment for eighty-seven months, followed by supervised release for three years, and ordered to pay restitution in the amount of \$887,000. A copy of the Judgment in a Criminal Case, dated April 11, 1996, 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 offenses of which you were convicted, embezzlement from a financial institution, making false entries in the records of a financial institution; and money laundering, were committed while you were employed as a teller at the Bay Area Medical Federal Credit Union of Traverse City, Michigan. Following anonymous calls regarding excessive spending by members of the Fouch family in July, 1992, a deficit of over \$2.5 million was discovered at the Bay Area Medical Federal Credit Union. Further investigation concluded that you and your father, Jay, created numerous fictitious loans and engaged in other types of account manipulation to remove money from the credit union. These funds were then used to purchase numerous automobiles, boats, real estate and items of jewelry

for the use and enjoyment of the members of the Fouch family. As a result of your actions and those of the rest of your family, the credit union was rendered insolvent and, to avoid liquidation, ultimately was acquired by another credit union, with financial assistance from the National Credit Union Share Insurance Fund. At the time of your criminal actions, Bay Area Medical Federal Credit Union was a federally chartered credit union.

The offenses to which you pleaded guilty involve 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 to impair 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, VA 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 NCUA'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(l) of the Federal Credit Union Act, 12 U.S.C. §1786(l), 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.

Dated this 30th day of January, 1997  
National Credit Union Administration  
by

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NICHOLAS VEGHTS  
Regional Director, Region IV  
National Credit Union Administration

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CERTIFICATE OF SERVICE  
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