

Docket NO. 170014 (BNK-APP)

FILED

COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF BANKING AND SECURITIES
Bureau of Credit Union and
Trust Supervision

2020 JUL 15 AM 11:01

PA DEPARTMENT OF
BANKING AND SECURITIES

**Disapproval of Branch Application and
Order to Close Branch**

WHEREAS, the Department of Banking and Securities ("Department") is the Commonwealth of Pennsylvania's administrative agency authorized and empowered to administer and enforce the Pennsylvania Credit Union Code, 17 Pa. C.S. §101 et. seq. ("Code"); and

WHEREAS, the Bureau of Credit Union and Trust Supervision ("Bureau") is the Bureau within the Department responsible to supervise, in pertinent part, the Credit Unions Office; and

WHEREAS, the Credit Unions Office is primarily responsible for administering and enforcing the application process of the Code for the Department; and

WHEREAS, the Credit Unions Office is primarily responsible for supervising state-chartered credit unions and, in part, enforcing the Code in this Commonwealth; and

WHEREAS, Members Choice Financial Credit Union ("Members Choice") is a Pennsylvania state-chartered credit union; and

WHEREAS, Members Choice has a principal place of business located at 230 Walnut Street, Danville, Pennsylvania; and

WHEREAS, Members Choice is a credit union whose operations are subject to the requirements of the Code; and

WHEREAS, Members Choice opened a branch office located at 11218 State Route 61, Mount Carmel, Northumberland County, Pennsylvania ("Branch") on or about May 10, 2016 without prior approval from the Bureau; and

WHEREAS, the Bureau subsequently denied Members Choice's application to open the Branch and sought civil penalties against Members Choice; and

WHEREAS, Members Choice filed a timely appeal; and

WHEREAS, after a hearing, the Secretary for the Department of Banking and Securities: (1) affirmed the civil penalty in the amount of \$10,000, and (2) stayed the denial of the application for a period of two years, in an Order issued on February 13, 2018; and

WHEREAS, at the conclusion of the two-year period, the Secretary's Order directed the Bureau to re-evaluate the application based upon satisfaction of conditions set forth in the Order, as well as examinations and other information available to the Bureau, and

WHEREAS, approval of the branch application is not supported at this time based upon the Credit Union's ongoing operational safety and soundness concerns and violations of the Code; and

WHEREAS, upon review and investigation of Members Choice's application and supporting materials, conditions set forth in the Secretary's Order, in addition to examinations and other information made available to the Bureau, the Department has ascertained that the operation of the Mount Carmel Branch creates operational safety and soundness issues for Members Choice as set forth in the denial letter dated July 14, 2020; and

WHEREAS, based on the foregoing, the Department issues this Order in compliance with the Secretary's Order dated February 13, 2018, and to fulfill its statutory obligation under the Code; and

Authority of the Department to Issue Order

WHEREAS, Section 503 of the Code, 17 Pa. C.S. § 503, provides the Department with authority to issue specific orders for the protection of members of credit unions; and

WHEREAS, Section 503 of the Code, 17 Pa. C.S. § 503, provides the Department with authority to issue orders for insuring the conduct of the business of credit unions on a safe and sound basis and for the effective enforcement of the Code and the Secretary's Order; and

WHEREAS, the Department has determined that it is necessary and appropriate, in the public interest, and consistent with the purposes intended by the policy and provisions of the Code to issue the following Order:

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PA DEPARTMENT OF
BANKING AND SECURITIES

ORDER

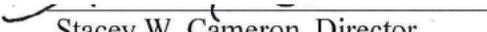
AND NOW, THEREFORE, the Department pursuant to its authority referenced above disapproves the Credit Union's Branch Application and, to this end, imposes the following Order:

IT IS ORDERED that Members Choice shall do the following:

1. The Credit Union has **60 days** from the date of this Order to wind-up the activities of the Branch.
2. The Credit Union must provide its members with at least **30 days'** notice of the Branch closing to give its members an opportunity to transfer their accounts to another branch of the Credit Union.
3. The Credit Union must provide written notice to the Department that it closed the Branch and notified its members as required above.

BY ORDER OF THE DEPARTMENT:

Redacted


Stacey W. Cameron, Director
Bureau of Credit Union and Trust Supervision
Department of Banking and Securities

So ORDERED this 14th day of July, 2020

NOTICE OF RIGHT TO APPEAL
AND HEARING

You have the right to appeal the attached Disapproval of Branch Application and Order to Close Branch within **10 days** of the date of the Order as provided in 1 Pa. Code § 35.20. To appeal the Order, you must file a petition, in writing, with the Docket Clerk as set forth below. **If the Docket Clerk does not receive your petition within 10 days, you will waive your right to a hearing and the Order will be deemed final.**

The petition must be in writing, state clearly and concisely your grounds of interest in the subject matter, the facts you rely upon, the law you rely upon, and the relief you seek as required by 1 Pa. Code §35.17.

The petition and all other documents relating to this matter must be filed via first-class mail and electronic mail with the Docket Clerk:

Linnea Freeberg, Docket Clerk
Department of Banking and Securities
17 North Second Street, Suite 1300
Harrisburg, PA 17101
Email: RA-BNDOCKETCLERK@pa.gov

Further, you must serve a copy of the petition on the person who signed the attached Order by providing a hard and electronic copy to his or her counsel indicated below:

Office of Chief Counsel
Department of Banking and
Securities 17 North Second Street,
Suite 1300
Harrisburg, PA 17101
Email: RA-BNChiefCounsel@pa.gov

Once you file your petition, you will be notified of pertinent information such as the name of the presiding officer designated by the Banking and Securities Commission to hear this matter and, if a hearing is scheduled, the date, time and location of the hearing. You have the right to be represented by an attorney.

All procedural matters will be governed by the Pennsylvania Administrative Agency Law, 2 Pa. C.S. §§501-508, 701-704, and the General Rules of Administrative Practice and Procedure, 1 Pa. Code §§31.1.-35.251.

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**Disapproval of Branch Application and
Order to Close Branch**

**CERTIFICATE OF
SERVICE**

I hereby certify that I have this day served a copy of the foregoing Disapproval of Branch Application and Order to Close Branch upon the parties below, who constitute the only parties of record in this proceeding, in accordance with the requirements of 1 Pa. Code §§ 33.35, 33.36 and 33.37:

By Email, Certified Mail and First-Class Mail:

Members Choice Financial Credit Union
c/o James Barbarich, Chief Executive Officer
230 Walnut Street
Danville, PA 17821
jbarbarich@mfcfu.org

Christopher Pippett, Esq.
Fox Rothschild, LLP
747 Constitution Drive
Suite 100
Exton, PA 19341
CPippett@foxrothschild.com

Dated this 15th day of July, 2020

Redacted

Eileen Smith
For: Commonwealth of Pennsylvania
Department of Banking and Securities
Market Square Plaza
17 North Second Street, Suite 1300
Harrisburg, PA 17101
717-787-1471