

# For Immediate Release



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To Banking or Business Editor:

## Failed Credit Union had \$2 Million in Uninsured Deposits

**October 5, 2017:** On Monday, October 2, 2017, **Zero-Star Shreveport Federal Credit Union, Louisiana** failed, but there's more to this story. Six months earlier, the **National Credit Union Administration (NCUA)** placed Shreveport FCU into conservatorship (April 13, 2017). **BauerFinancial** immediately lowered its star rating to Zero-Stars from 4-Stars. Unfortunately for depositors, not all rating companies were equally on the ball.

A conservatorship is a last-ditch effort to rescue a struggling institution by enabling it to continue operating under increased regulatory scrutiny. Right up until the conservatorship, the financial data the NCUA was releasing on Shreveport FCU was that of a solid institution – a profitable credit union with a capital ratio exceeding 14%. However, in the first filing after the conservatorship, a mysterious \$11 million loss appeared in “other non-operating expenses”. This charge rendered the credit union undercapitalized.

This proved to be too much to overcome and Shreveport FCU was closed by the NCUA on Monday, October 2nd, just shy of 6 months after it was placed into conservatorship and Bauer lowered its rating. Not only did Bauer lower its rating in April, Shreveport FCU has remained at Zero-Stars for the two subsequent rating periods.

In other words, ***Shreveport FCU was rated Zero-Stars by Bauer for nearly six months prior to its failure.*** At least one nationally known rating firm still had Shreveport FCU rated 4-Stars when it failed. That notwithstanding, six months is enough time to tidy up uninsured deposits and shore up loose ends. Yet, **Shreveport Federal Credit Union reported more than \$2 million in uninsured shares/deposits when it failed!**

Bauer recommends depositors stay under the insurance limit at any institution if possible, let alone a Zero-Star institution. BauerFinancial updates the star-ratings on all U.S. banks and federally insured credit unions four times a year providing the most accurate and timely ratings available. And, we provide those ratings FREE on our website.

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