

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

In the Matter of)	
LAWRENCE LAMBERT)	
An Institution Affiliated Party and Person)	Docket No. 97-0902-III
Participating in the Affairs of the Louchem)	
Federal Credit Union,)	
Louisville, Kentucky)	

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 Louchem 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 on the following information.

You pleaded guilty to one count of Title 18, United States Code, Section 657, embezzlement of funds from a financial institution. You were sentenced on December 8, 1995, by the U.S. District Court for the Western District of Kentucky, to imprisonment for 24 months, followed by supervised release for five years, and to pay restitution in the amount of \$620,529.89. A copy of the Judgment in a Criminal Case, dated December 21, 1995, 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, embezzlement of funds from a financial institution, was committed while you were employed as manager at the Louchem Federal Credit Union of Louisville, Kentucky. The board of directors terminated your employment after illegal loan activity was discovered by an employee and turned over to the Louisville, Kentucky office of the FBI. You created 41 loans in which then you deposited this money in 17 fictitious accounts using the money for your own personal needs. When the false loans came due, you changed the loan due dates on the computer, and intercepted all statements from the mail. During verifications you would intercept the statement, remove the fictitious accounts and seal the box before it was turned over to the CPA firm. After an audit, the credit union discovered that the amount involved was \$519,707.00. At the time of your criminal actions, Louchem Federal Credit Union was a federally chartered 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:

ALONZO A. SWANN, III

Regional Director, Region III

National Credit Union Administration