

United States Senate

WASHINGTON, DC 20510

August 15, 2022

The Honorable Todd M. Harper
Chairman
National Credit Union Administration
1775 Duke Street
Alexandria, VA 22314

Dear Chairman Harper:

We write to express our support for the efforts of the Dakota Credit Union Association to recover assets from the U.S. Central Federal Credit Union which are due to the former capital holders of Midwest Corporate Federal Credit Union (Midwest Corporate).

As you know, prior to the financial collapse in 2008–2009, the largest corporate credit union in the United States was U.S. Central Federal Credit Union (U.S. Central), which provided services to other corporate credit unions, including Midwest Corporate, acting as a "corporate credit union's credit union." In early 2009, in response to investment losses incurred at U.S. Central, the NCUA implemented the Corporate Stabilization Program and placed U.S. Central into conservatorship.

The investment losses at U.S. Central exceeded their Member Contributed Capital, which led to the extinguishment of nearly all the contributed capital. Under the corporate restructuring plan, corporate credit unions were required to either recapitalize, merge, or liquidate. At the time, credit unions in North Dakota chose not to re-capitalize Midwest Corporate or merge with another corporate credit union. On April 29, 2011, Midwest Corporate, located in Bismarck, North Dakota, officially closed its doors.

Prior to the dissolution of Midwest Corporate, in October 2010, the NCUA Board issued Midwest Corporate a claim receipt for Member Contributed Capital represented by Paid-In Capital ("PIC") totaling \$3,300,000.00 and Membership Capital Accounts ("MCA") totaling \$10,448,323.99. The claim receipt states that it enables Midwest Corporate owners "to share pro rata in the net proceeds, if any, to the extent of the PIC and MCA Balances as of the record date" and "no further action is required on their part to file or activate a liquidation claim."

Recently, in its role as liquidating agent of the former corporate credit unions' asset management estates, the NCUA has made three rounds of distributions to membership capital shareholders of the former Members of United, Constitution, and U.S. Central corporate credit unions. Last year, in 2021, the NCUA board authorized the 100 percent reimbursement of "MCA" and 3 percent of "PIC". This past February, the NCUA announced a \$359.2 million distribution to more than 1,000 membership capital shareholders of the above former credit unions. This fourth distribution by the NCUA will have distributed \$1.8 billion to former membership capital shareholders and \$209.8 million in dividends to shareholders.

As you know, the NCUA's Corporate System Resolution Program, under which the above distributions were made possible, is an initiative established by the NCUA Board to stabilize, resolve, and reform the corporate credit union system in the wake of the 2008 financial crisis. This program allowed the credit union system to absorb the failures of the U.S. Central, Western, Southwest, Members United, and Constitution corporate credit unions over time.

However, although some U.S. Central Federal Credit Union members have received payouts under the Corporate System Resolution Program, Midwest Corporate, which was part of the U.S. Central credit union network, was notified that it was ineligible to receive reimbursement since the corporate entity was dissolved in 2011 and the legal existence of the charter was officially canceled three years later. We understand NCUA has had discussions with the Dakota Credit Union Association and their agents, and most recently, in a letter dated June 9th, NCUA indicated that the former capital holders of Midwest Corporate may be eligible to make an independent claim to the assets of U.S. Central, and have notified the Dakota Credit Union Association of the appropriate claims process.

We encourage you to stay in close communication with the Dakota Credit Union Association as they work through the claims process to ensure all proper claims are satisfied to the greatest extent possible, and that these recovered assets are returned to their rightful owners of these recovered assets. Thank you in advance for your prompt response.

Sincerely,



Kevin Cramer
United States Senator



John Hoeven
United States Senator