



DCU BULLETIN

Division of Credit Unions

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NCUA Issues Prohibition Order against San Clemente Financial Group Securities, Inc.

The National Credit Union Administration (NCUA) has issued Prohibition Orders (Orders) against San Clemente Financial Group Securities, Inc. (San Clemente), Cooke B. Christopher and Thomas H. Sunderland. Mr. Christopher and Mr. Sunderland are the CEO and Vice President of San Clemente and San Clemente Securities (SCS), respectively. San Clemente and SCS, broker dealers in San Clemente, California, were in the business of marketing investments to federally insured financial institutions.

The NCUA Orders prohibit Messrs. Christopher and Sunderland and San Clemente from participating in any manner in the affairs of any federally insured credit union. Note that the principals of San Clemente have operated similar brokerages under other names.

We understand that a Washington state-chartered credit union lost significant sums on the purchase of an out-of-state credit union's CD that had been brokered by San Clemente. The securities laws consider credit unions "sophisticated investors." Consequently, credit unions may have limited recourse against brokers.

Credit unions are strongly encouraged to exercise adequate due diligence and monitoring and take prudent precautions in their dealings with CD brokers.