

U.S. Department of Justice

**ROSCOE C. HOWARD, JR.**  
*United States Attorney for the  
District of Columbia*

*Judiciary Center  
555 Fourth St. N.W.  
Washington, D.C. 20530*

## **PRESS RELEASE**

**FOR IMMEDIATE RELEASE**

Friday, November 14, 2003

For Information Contact Public Affairs  
Channing Phillips (202) 514-6933

**Manager of American Samoan Credit Union sentenced  
to 70 months in prison in \$4.5 million bank failure case**

**Washington, D.C.** - United States Attorney Roscoe C. Howard, Jr. and Michael Mason, Assistant Director of the FBI's Washington Field Office announced that Bernard Gurr, 50, a former credit union manager in American Samoa, was sentenced today by Chief Judge Thomas F. Hogan of the United States District Court for the District of Columbia to a term of imprisonment of 70 months, to be followed by three years of supervised release, in connection with his conviction on federal conspiracy, fraud, and obstruction charges in a \$4.5 million bank failure case. Gurr was also ordered to pay restitution in the amount of \$29,000. Chief Judge Hogan found that Gurr's actions during the time he was manager of the American Samoan Government Employees Federal Credit Union caused the collapse of a financial institution.

Gurr was convicted on April 9, 2001, after a three and a half week jury trial of eighteen counts including conspiracy, violating books and records requirements under the National Credit Union Administration ("NCUA"), lying to the NCUA examiners about the financial condition of the American Samoa Government Employees Federal Credit Union ("Credit Union") which he headed, obstructing the examination of a financial institution and tampering with a witness.

The United States Attorney's Office for the District of Columbia has jurisdiction over American Samoa by virtue of a federal law which provides that offenses not committed in any judicial district, shall be tried in the District of Columbia.

The government's evidence at trial demonstrated that Gurr, who was the Credit Union's

manager, conspired with other Credit Union employees, loan officers and collections agents between 1990 and 1993 to defraud hide the true, failing financial condition of the Credit Union from the NCUA examiners who were required to make periodic visits. The proof at trial showed that Gurr orchestrated a cover-up of the financial condition of the Credit Union by creating false delinquent loan reports which masked the actual delinquency rate of the loans extended by the Credit Union. Through his computer access and knowledge, Gurr changed due dates for loans and changed interest rates for loans without the knowledge of the borrowers. He also created a system within the Credit Union where he personally approved loans without consulting the Credit Committee of the Board of Directors of the Credit Union. Although there were loan policies in place, Gurr, as manager, ignored them in favor of friends and family. The evidence also showed that Gurr embezzled credit union funds by creating a false loan account with funds from this account flowing directly to him.

Further, Gurr knew when the examiners from the NCUA were coming to look at the Credit Union and subsequently instructed his employees to hide their indebtedness in excess of \$50,000 and to create new loans in the names of their children or spouses with different last names. He also instructed the Credit Union employees not to speak with the examiners, but to refer all questions to him directly. The proof at trial further revealed a convoluted accounting scheme in which Gurr directed the Credit Union bookkeepers to keep certain accounts away from the examiners.

As the examiners determined that the Credit Union had a delinquent loan rate far in excess of 20%, they realized that the Credit Union would have to be placed into a conservatorship by the NCUA in October 1993. When the NCUA examiners and officials arrived on American Samoa to serve the papers of conservatorship upon Gurr and the Board of Directors, Gurr, resisted and took Credit Union documents and property in response. The NCUA was forced to seek an permanent injunction in the High Court of American Samoa demanding Gurr's return of the property. Many of the documents were not seen again until Gurr was arrested on an FBI warrant as he deplaned in Honolulu, Hawaii on December 11, 1999. He had two boxes worth of Credit Union documents in his luggage, including several loan files.

Over 30 witnesses testified at trial, many former employees of the Credit Union traveled to Washington from American Samoa. Three co-conspirators, Mene Loia, Aukuso Afano Ah

Ching, and Eneliko Kelemete, former loan officers at the Credit Union, testified for the government. Ah Ching and Kelemete were sentenced today to one year on probation. Loia was sentenced to one day in jail and five years of supervised release. Each of the co-defendants entered prompt guilty pleas and were key in making the government's case against Gurr.

In announcing the sentences in this matter, United States Attorney Howard and Assistant Director Mason commended the outstanding work of Federal Bureau of Investigation Special Agent Brian Due and National Credit Union Administration examiner Peter Steiger. They also thanked NCUA Chairman Dennis Dollar for his cooperation and support as well as the Office of the Attorney General of American Samoa for its invaluable assistance. They further recognized the work of Assistant United States Attorney Thomas Zeno and former Assistant United States Attorney William Block for their early investigative and grand jury work, former Assistant United States Attorney Ana Matheson and Assistant United States Attorney Judith Kozlowski who handled the case at trial. Lastly, they praised the work of auditor Nick Novak, investigator Diane Eichman and paralegal specialist Tina Marshall who provided valuable support to the trial team.

###