

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

_____))
In the Matter of))
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))
NORTHEAST ARKANSAS))
FEDERAL CREDIT UNION, and its))
BOARD OF DIRECTORS and)) Docket No.
SUPERVISORY COMMITTEE))
))
Blytheville, Arkansas))
_____))

**STIPULATION AND CONSENT
TO CEASE AND DESIST ORDER**

The National Credit Union Administration Board ("NCUA Board"), by and through its undersigned Regional Director, and Northeast Arkansas Federal Credit Union ("the Credit Union" or "NEAFCU") hereby stipulate and agree as follows:

1. Consideration. The NCUA is of the opinion that grounds exist to initiate an administrative cease and desist action against the Credit Union pursuant to Section 206 of the Federal Credit Union Act, 12 U.S.C. § 1786. The Credit Union, without admitting that said grounds exist (except those set forth as to jurisdiction in paragraph 2), desires to avoid the time, cost and expense of administrative litigation. Accordingly, the Credit Union consents to this Stipulation and Consent to Cease and Desist Order ("Stipulation") and subsequent issuance by the NCUA Board of a Cease and Desist Order ("Order").

2. Jurisdiction.

(a) The Credit Union is an "insured credit union" within the meaning of the Federal Credit Union Act, 12 U.S.C. § 1786(e).

(b) Pursuant to the authority vested in the NCUA Board under Section 206 of the Federal Credit Union Act, 12 U.S.C. § 1786, and Part 747 of the NCUA Rules and Regulations, it is an appropriate Federal agency to maintain enforcement proceedings against such an insured credit union. Therefore, the Credit Union is subject to the authority of the NCUA to initiate and maintain proceedings against it.

3. Consent. The Credit Union consents to the issuance by the NCUA Board of the accompanying Cease and Desist Order. Pursuant to the Federal Credit Union Act, the Credit Union consents to the following terms and conditions:

Effective ~~April~~ ^{JUNE 30} 30, 2004, the Credit Union shall immediately:

A. Maintain complete and accurate records and produce complete and accurate financial statements by:

(a) Engaging an experienced third-party accounting firm or consultant to research and reconcile the Southwest Corporate Federal Credit Union account, the investment subsidiaries, the general ledger clearing account and any related accounts by ~~April~~ ^{JUNE 30} 30, 2004;

(b) Correcting all accounting issues noted in the Examiner Findings and Supplementary Facts sections of NCUA's most recent Report of Examination by September 30, 2004;

- (c) Hiring and retaining qualified accounting staff to maintain complete and accurate records by June 30, 2004;
- (d) Writing off any unidentifiable and stale items or items with origination dates exceeding regulatory resolution period by December 31, 2004;
- (e) Establishing a reconciliation schedule based on the complexity of all general ledger accounts by June 30, 2004; and
- (f) Documenting accounting process for posting general ledger transactions and accounts by June 30, 2004.

B. Ensure the credit union's information and technology systems function appropriately to maintain accurate records and provide a secure environment for member accounts and services, by:

- (a) Properly mapping all data flow to correctly post to the general ledger accounts and to member share and loan records by June 30, 2004;
- (b) Contracting a third-party vendor by June 30, 2004, if necessary, to review appropriate system parameters; and
- (c) Providing adequate training regarding the data processing system to all credit union employees who use the data processing system on an ongoing basis.

C. Refrain from committing the credit union's resources until management can accurately assess the liquidity position by:

- (a) Purchasing only short-term, non-complex investments such as certificates of deposit or U. S. Treasury bills; and

(b) Delaying any new product or service or fixed asset purchases until the records are reconciled and balanced.

D. Ensure qualified management is hired and retained, including:

(a) Ensuring each member of management has the qualifications and experience commensurate with his or her duties and responsibilities by April 30, 2004;

(b) Complying with NCUA Rules and Regulations, 12 C.F.R. §§ 701.14 and 741.205, by obtaining NCUA approval of any changes in the credit union's officials, including members of the board, committee members, and senior management officials; and

(c) Ensuring sufficient staff levels to meet the day-to-day activities and operations of the credit union.

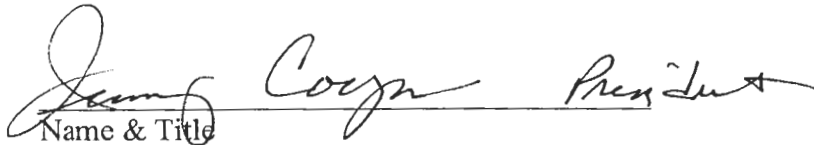
4. Modification. The Credit Union and the NCUA agree that the above items in the preceding paragraph will remain in effect unless modified in writing by the NCUA Region IV Director. The Credit Union agrees that any such modification shall constitute an amendment to the Order and shall be fully enforceable by NCUA.

5. Waivers. The Credit Union waives its right to an administrative hearing to the Cease and Desist Order as provided for in Section 206 of the Federal Credit Union Act, 12 U.S.C. § 1786. It further waives its right to seek judicial review of the Cease and Desist Order or otherwise challenge the validity or legality of the Order.

6. Finality. The Cease and Desist Order will be issued pursuant to Section 206 of Federal Credit Union Act, 12 U.S.C. § 1786. Upon its issuance by the NCUA Board, it shall be a final Order, effective and fully enforceable by the NCUA.

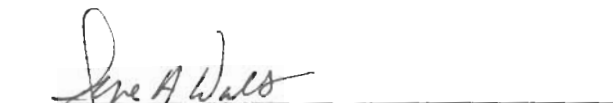
WHEREFORE, in consideration of the foregoing, the undersigned, on behalf of the NCUA and the Credit Union, execute this Stipulation and Consent to Cease and Desist Order.

FOR THE CREDIT UNION:

 James Coyn President
Name & Title

4-29-04
Date

FOR THE NATIONAL CREDIT UNION ADMINISTRATION BOARD


Jane A. Walters
By: Jane A. Walters
Regional Director, Region IV

5-19-04
Date