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Probe

about the probe, declined comment and referred questions to attorney Rudolph Singleton.

"I just think it would be inappropriate to comment. ... All I can do is give my assurance that in my opinion I'm aware of no improprieties at Stewart Oldsmobile," Singleton said.

U.S. Attorney Sam Currin would neither confirm nor deny that a federal grand jury has been hearing evidence in the case. He denied a report that he confirmed an investigation of "certain matters relating to the credit union."

But Martin and Fayetteville automobile dealer Patrick Purvis said there has been federal grand jury testimony in Fayetteville regarding alleged improprieties.

Purvis, owner of Patrick Ford-Isuzu, said he was subpoenaed "several months back" to testify before a grand jury about the credit union allegations. Purvis declined further comment.

Martin, who heads the 7,500-member credit union with assets of about \$25 million, said the alleged improprieties involved loan officers "getting loans approved that ordinarily would not meet the

Official Confirms Pope Credit Union Car Sales Probe

By JIM JONES
And TOM KRISHER
Of The Times Staff

The chairman of the Board of Trustees for Pope Federal Credit Union confirmed Thursday that a federal investigation is under way on alleged improprieties by two credit union loan officers during an automobile tent sale about two years ago in Fayetteville.

The sale, at Westwood Shopping Center, involved cars offered by Stewart Oldsmobile, a Bragg Boulevard automobile dealer, said board chairman William G. Martin.

Stewart Oldsmobile President George Stewart, asked

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criteria, and in return for that they were receiving pay. This is an allegation that to my knowledge has not been proven. It's pending the outcome of the grand jury as to whether they are going to be indicted or not."

A federal court official who asked not to be named said if a car dealer or salesman pays someone in a financial institution to approve a loan application, it would be a violation of federal law. "It might run afoul of several statutes," the official said.

A credit union employee has been subpoenaed to testify before the grand jury, he said. "He answered the subpoena, and we've heard no more on it," Martin said.

Martin declined to identify the two loan officers, but said one has five to six years experience and the other two to three years. The two initially were put on leave with pay as the investigation began about two years ago, Martin said. About three months later they were terminated, he said.

Asked why the probe has lasted so long, Martin said other higher

priority federal investigations apparently got in the way.

To his knowledge, two loans are the target of the probe, he said. "We know for sure of two of them at this point. The credit union personnel were not privy to that information, because once the FBI got into it, we were not kept apprised of what they were finding," he said.

Robert L. Pence, special agent in charge of the Federal Bureau of Investigation in North Carolina, said he could neither confirm nor deny FBI activity in the credit union probe.

The Pope Credit Union currently occupies leased space at Pope Air Force Base but is building new quarters on McPherson Church

Road. It is not affiliated with the Air Force. Members include active-duty and retired service personnel, their dependents and current and retired Civil Service employees, Martin said.

The idea of stationing credit union loan officers at tent sales came from Stewart Oldsmobile, Martin said. The idea was brought to Fayetteville from Jacksonville, where a similar arrangement was used, he said.

"It was a good thing for the credit union, because we got a lot of loans that we wouldn't have had," Martin said. Three such tent sales, accompanied by Pope Credit Union loan officers, are planned this weekend, he said.

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Pope Credit Union, Car Sales

By PAT REESE
Staff Writer

A federal grand jury is investigating possible misconduct by former Pope Federal Credit Union employees in processing loans for their members at car sales in Fayetteville.

And in what officials say is an unrelated matter, the credit union's board of directors has fired former president Bernie Parks. One board member said the firing was due to "poor management and possible misapplication of funds," and there are hints of possible court action over the issue.

U.S. Attorney Sam Currin has confirmed there is an investigation of "certain matters relating to the credit union," but he declined to discuss details.

However, other sources who asked not to be identified said a federal grand jury has met at least three times in Fayetteville and heard evidence that some car salesmen paid finder's fees, known as "bird dog" fees, to some former credit union staff members who helped process loans for local automobile dealers.

The U.S. Attorney's Office has been presenting testimony from a number of car salesmen and credit

union employees, but there has been no indication what direction the investigating is taking.

The sources said they expect more testimony will be presented at a grand jury session in Fayetteville in June.

Several credit union board members told The Fayetteville Observer they are aware of the inquiry but insist they have only limited knowledge of what is going on.

Sources said the investigation centers around special circus-type sales of cars at local shopping centers. The credit union has sent representatives to the sales to take applications for loans by their members to purchase cars.

Representatives of at least two Fayetteville auto dealers — Stewart Oldsmobile Co. and Patrick Ford-Isuzu — have either been questioned or have appeared in front of the grand jury, sources said.

One of the first witnesses was Patrick Purvis, owner of the Patrick Ford-Isuzu dealership, sources said.

Peter Stewart, general manager of Stewart Oldsmobile, said he knows nothing about the details of the investigation and has not been questioned.

Stewart said he heard about an investigation

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sometime ago, but thought the matter had been dropped.

Payment of finder's fees is not uncommon in Fayetteville, according to three car dealers contacted by The Fayetteville Observer who asked not to be identified. The three dealers have not been linked to the investigation.

When asked if they encouraged payment of finder's fees to friends or customers who sometimes send them prospects, all three dealers said most companies condone the practice.

One dealer said his company usually pays half the fee, and the salesman pays the other half.

"It's usually not very much," one dealers said. "It could be as little as a steak dinner or as much as \$25 or perhaps more."

But when asked about payment of fees to employees of a lending institution, all three emphatically said they would not condone that practice if they were aware of it.

In the management shakeup at the credit union, the board in March fired Parks after 9½ years as president and replaced him with Carol Davis as interim president.

The change was not announced publicly by the board.

Credit union board Chairman William Martin told The Observer there was "a situation" that led to the suspension of Parks in December and his eventual dismissal in March.

He said the board voted to fire Parks from his \$47,000-a-year job because of "what we believed to be poor management and possible misapplication of funds."

Martin said, "Our auditors were called in, and they told us there is no money missing for our accounts. This was an internal problem, and our organization is certainly in no trouble financially."

"It appeared that money from some accounts was, in our opinion, being improperly transferred to another area to reduce the amounts shown on delinquent

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At Random

David Prather is on vacation.

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Credit Union

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accounts. There was also one ranking employee who we felt was not suited for his job, and Mr. Parks refused to take action in the matter," Martin said.

Martin said he was referring to Bill Strickland Jr., who was supervisor of collections. Strickland also has been dismissed in the changeover. Strickland declined to comment on the matter.

There is disagreement over the reasons for Parks' dismissal. The former manager has hired Charlotte attorney Bill Constangy to represent him in possible court action "because the board failed to meet contractual agreements and other matters," Parks told The Observer.

Parks said his dismissal was the result of a power play that involved "certain members of the board and the staff" who were trying to take over the credit union.

"There are other personalities, politics, self-interest individuals in power plays involved here that have never come to light in the press," Parks said.

"I am not at liberty to comment on those matters at this time," he said.

Martin said the firing of Parks is not related to the grand jury investigation.

Both Martin and Parks, in separate interviews, said they have heard little information about the federal inquiry.

Parks said he learned "about two years ago, maybe a little longer, of two employees who reportedly had received money from some car salesmen.

"I investigated the matter at the time and they resigned from their jobs after we met in conference," he said.

He declined to name the individuals. "I don't know if they have or will be charged with anything and I certainly don't think I should identify them or talk about any details at this point," he said.

Martin and Parks said they have not been questioned by any investigators and have not been asked to appear before the grand jury.

However, Martin said FBI agents did request and eventually were given records of Parks' personal financial deposits in the credit union. "We (the board) first told them they could not be released but later, after talking to our attorney, turned them over to the officers."

Parks, who now lives in Greensboro although he visits Fayetteville often, said he received notice by mail that his records had been subpoenaed.

"I have no idea why they wanted them and can see no reason for them even asking for them," he said.

The Pope Federal Credit Union is one of the largest in the Fayetteville area, with about \$25 million in assets. It is located in a building on leased land at Pope Air Force Base, but is planning to move to a three-story office building under construction on McPherson Church Road.

The credit union is non-profit financial cooperative and has no connection to the Air Force.

The federal grand jury investigation and management changes are not related to recent problems at the Fort Bragg Credit Union, a separate financial cooperative where some members have petitioned to oust the president and some board members.