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## Lawsuit against credit union CEO alleges sex, racism, family member loan issues

Brian Bandell, Senior Reporter- *South Florida Business Journal*

South Florida Federal Credit Union and President and CEO Maggie Martinez were hit with a federal lawsuit from two former employees that accuses her of retaliating against them for their cooperation with a regulatory investigation into the CEO's conduct.

They allegedly told regulators with the National Credit Union Administration (NCUA) that Martinez, who is married, had a relationship with a customer who was a doctor and made him a host of risky loans, which went bad. The Sept. 5 lawsuit also says Martinez made improper loans to her family members who were in financial trouble and employed family members who took funds from customers.

Tanishal Harris-Darden, the former operations manager of the Miami-based credit union, and Christine Redmond, its former director of marketing, filed the lawsuit for defamation and discriminatory termination, citing laws that say credit union employees can't be fired for reporting wrongful conduct to the board or regulators. Harris-Darden and Redmond were terminated in May and February, respectively.

Martinez couldn't be reached for comment. The NCUA has no record of an enforcement action being taken against her or South Florida Federal Credit Union.

Coral Gables attorney Robert W. Hudson represents the former credit union employees in the lawsuit. He couldn't be reached for comment.

Two NCUA investigators arrived at South Florida Federal Credit Union in early 2013 to investigate numerous improprieties involving Martinez, according to the lawsuit.

In the summer of 2012, Martinez told Redmond about her romantic relationship with a male doctor who was a credit union member, according to the lawsuit, which says the CEO approved auto loans, an unsecured line of credit and a credit card for him. This member didn't have a financial and credit history to warrant such loans, the lawsuit says.

After he defaulted on the loans, causing significant losses for the credit union, he threatened to tell her husband and the credit union board about the relationship, causing Martinez to withhold taking action to collect on those loans, the lawsuit says. The doctor then sent an invoice for professional services that he provided her to the credit union's collection manager with a note to "have Ms. Martinez make my loan payments." The member also threatened to sue. (-More-)

Redmond wanted to tell the credit union board about the situation with this member, but Martinez fired her when she learned of those plans, the lawsuit says.

In a situation where the person making the firing decision is also being looked at by regulators, there should be some checks and balances, including consultation with the board and outside council, said Roy Hartman, a director at Miami-based law firm Sacher, Zelman, Hartman, Paul, Bailey & Sacher.



Attorney Roy Hartman

“The picture being painted here is a very serious,” Hartman said. “It’s the classic example of retaliation, if true.”

The lawsuit says Martinez hired four family members on “unjustified financial terms” to work at the credit union despite their lack of qualifications and two of them, including her nephew, committed serious misconduct. One Martinez family member improperly deposited member fees and kept the money for himself while another family member deposited member funds directly into his account. Both of them were left the credit union, but were allowed to collect unemployment compensation and no action was taken against them, the lawsuit says.

Martinez convinced the credit union board to lend \$40,000 to a family member that was in financial peril, the lawsuit says. This resulted in \$35,000 in charge offs after they defaulted.

In addition, Martinez proposed lowering the interest rates on 20 mortgages that benefitted four of her family members even through those loans were performing, the lawsuit says.

After the NCUA investigators asked to speak to Harris-Darden, the lawsuit claims that Martinez attempted to discredit her by accusing her of discriminating against Hispanics.

“These statements contradict Ms. Harris-Darden’s personnel file and entire employment history at the credit union,” the lawsuit says. “Ms. Harris-Darden is African-American and very sensitive to any claim of discrimination and was particularly upset by these false accusations.”

Harris-Darden demanded to speak to the credit union’s board to address the allegations of racism but they refused to hear her and intimidated her over whether she was cooperating with the NCUA, the lawsuit says. Martinez then discouraged her from working with the NCUA investigators and even accessed her computer and removed files from her office while she was on vacation, the lawsuit says.

The NCUA met with Redmond in April, two months after her termination. When the NCUA subsequently met with the credit union board, Martinez accused Redmond of having sexual relationships with both a current and a former supervisory committee member. Both men denied the allegations, as did Redmond.

South Florida Credit Union has \$35.9 million in assets.

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