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San Diego County Credit Union Announces San Diego Superior Court Has Denied California Coast Credit Union’s Motion for Preliminary Injunction to Compel Merger

SAN DIEGO, Calif., (May 1, 2026) – San Diego County Credit Union ("SDCCU"), one of Southern California’s largest locally-owned financial institutions, today issued the following statement regarding the San Diego Superior Court’s decision to deny California Coast Credit Union’s (“Cal Coast”) motion for a preliminary injunction to compel SDCCU to proceed towards the previously announced merger of the two companies:

SDCCU is pleased by Judge Carolyn M. Caietti’s thoroughly reasoned decision denying Cal Coast’s request for a preliminary injunction and identifying multiple reasons why Cal Coast is unlikely to succeed in its litigation on the merits. We look forward to fully and finally vindicating our rights, and hope that the Court’s decision will cause Cal Coast to drop its baseless action and allow both companies to proceed with their respective businesses.

SDCCU, San Diego’s largest and longest-serving credit union, terminated its merger with Cal Coast in November 2025 to protect its members from being subject to an abjectly lax and deficient compliance culture. Months earlier, SDCCU discovered alarming lapses and an utter lack of compliance infrastructure at Cal Coast. Subsequently, SDCCU repeatedly warned Cal Coast that its lack of a compliance management system, deficient training programs, incomplete regulatory reporting, misleading reporting to credit bureaus, and discriminatory practices were impediments to moving forward with the merger. Cal Coast’s leadership dismissed those concerns.

Ultimately, SDCCU gave Cal Coast a final chance to salvage the merger by improving its compliance system and providing that Cal Coast’s CEO and board would not control the post-merger combined credit union. Cal Coast responded by filing suit in the San Diego Superior Court seeking an emergency order to prevent SDCCU from terminating the merger agreement. On April 30, the San Diego Superior Court issued an opinion denying Cal Coast’s motion for a preliminary injunction noting, among other reasons, that the evidence presented to the court “supports the conclusion that there were widespread institutional compliance issues and that Cal Coast failed to implement systems preventing discriminatory practices.”

The Court made several additional rulings in support of denying Cal Coast’s preliminary injunction.

- **Mandatory and Impracticable Injunction.** The Court found that the preliminary injunction Cal Coast sought would mandate affirmative acts and would be impracticable, including

because it would require SDCCU to seek Cal Coast's consent before taking certain actions with regard to SDCCU's business and hiring practices, among others.

- **No Regulatory Approval Available.** The Court held that Cal Coast would be unlikely able or entitled to force the merger to close including because it is questionable, at best, whether the merger would ever be approved by banking regulators. Specifically, the Court stated, "As of now, the [National Credit Union Association ("NCUA")] will not approve the merger and therefore any injunction would be futile" including because the NCUA "identifies some areas of concern which appear to form the basis by SDCCU to seek termination of the merger."
- **Lack of Compliance Culture Stemming From Leadership Failures.** The Court faults Cal Coast management for being unaware of compliance failures that Cal Coast asserted, in its litigation, that SDCCU should have become aware of sooner.
 - The Court wrote, "SDCCU could not have been expected to be aware of alleged compliance issues that Cal Coast itself had no knowledge of."
 - The Court also found "that there is an overall lack of compliance and lack of knowledge of the alleged compliance problems by Cal Coast."
 - Specifically, the Court cited evidence showing that "Cal Coast was not reporting hard loan modifications and did not disclose those to SDCCU...; did not monitor employees to ensure compliance with proper loan procedures ...; procedures are not distributed to employees ...; there was a lack of confidence that Spanish-speaking call center staff knew what to do when dealing with Spanish-speaking loan applicants and Spanish loan disclosures 'can get questionable'"
 - Faulting Cal Coast leadership, the Court found "Cal Coast leadership was either unaware of or impliedly/constructively approved the alleged issues of noncompliance and discriminatory practices."

The Court's thoughtful decision enables SDCCU to move forward free from any restrictions imposed by its now-terminated merger agreement with Cal Coast.

About SDCCU

SDCCU is one of the nation's top credit unions and was named one of America's Best Regional Credit Unions in 2026 by *Newsweek*, ranked a top credit union in California in 2025 by *Forbes*, and voted San Diego's BEST Credit Union for 2025 in *The San Diego's Union-Tribune* Readers Poll. SDCCU proudly serves the financial needs of customers in Southern California counties, including Imperial, Los Angeles, Orange, Riverside, San Bernardino, San Diego, San Luis Obispo, Santa Barbara and Ventura. SDCCU has more than 412,000 customers and 30,000 surcharge-FREE ATMs. SDCCU provides breakthrough banking products that meet the demands of today's lifestyle and delivers banking services that save customers money. SDCCU is leading the way, offering FREE Checking with eStatements, SDCCU mobile banking, mortgage loans, auto loans, Visa® credit cards and business banking services. Federally insured by NCUA. Membership required. Equal Housing Opportunity. NMLS #580585. For more information, visit www.sdccu.com.