



NATIONAL CREDIT UNION ADMINISTRATION

WASHINGTON, D.C. 20456

GC/HMU:cch

4610

December 16, 1985

OFFICE OF GENERAL COUNSEL

John M. Eakin, Esq.
Eakin & Eakin
Market Square Building
Mechanicsburg, PA 17055

Dear Mr. Eakin:

This is in response to your letter of November 7, 1985, concerning a Federal credit union's use of duplicate tapes of members' direct deposits from a Naval Center one day before the tapes are received from the Federal Reserve Bank. It is intended that the FCU will credit the members' accounts the day before payday (prior to the FCU receiving the funds).

You asked whether this is a violation of any NCUA rules or if there will be any objection from NCUA if the FCU goes ahead with the procedure. As noted in our October 29, 1985, letter to you, Section 5090.2 of the Accounting Manual for Federal Credit Unions states that the date for crediting members' accounts with direct deposits of Federal recurring payments should be selected to coincide with the date on which the receipt of funds is expected. Although the Accounting Manual is to be used as a guideline and does not have the force and effect of Federal law, failure to follow the procedures set forth therein may present safety and soundness problems. In direct answer to your question, NCUA may have safety and soundness objections to the procedure set forth in your letter of July 19, 1985. Please contact the NCUA Regional Office before implementation of the procedure.

We would also again point out that it is our understanding from the Department of the Treasury that the procedure you set forth is inappropriate. Dan Gordon of the Department of the Treasury (202/535-6320) has informed us that, although not in direct violation of Treasury regulations, the procedure you describe presents operational problems. Such problems arise because the tape from the Federal Reserve Bank contains many entries that are

FOIA file: Vol. III, C, 1 Acctg Procedures

not found on the tape from the Naval Center. As noted in our previous letter, you may wish to contact the Department of Treasury directly to work out a possible solution.

We hope that we have been of assistance.

Sincerely,



STEVEN R. BISKER
Assistant General Counsel

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cc: Regional Director, Region II (Capital)