



NATIONAL CREDIT UNION ADMINISTRATION  
Washington, D.C. 20456

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4660  
2/28/86

Office of General Counsel

Mr. Stan Evans  
The Ohio Company  
155 East Broad Street  
Columbus, OH 43215

Dear Mr. Evans:

This is in reply to your letter dated February 6, 1986, to Marty Kushner concerning the permissibility of Federal credit union (FCU) investment in the Cardinal Government Guaranteed Fund (the Fund), Prospectus dated January 28, 1986.

The investment authority for FCU's is found in Sections 107(7) and (8) of the Federal Credit Union Act, 12 U.S.C. §§1757(7) and (8), and Section 703 of the NCUA Rules and Regulations, 12 C.F.R. §703. We have interpreted these provisions as authorizing FCU investment in mutual funds if all of the investments and investment practices made by the Fund are permissible if made directly by an FCU.

The Fund invests exclusively in U.S. Treasury securities and securities directly guaranteed by the full faith and credit of the U.S. Government. These are permissible investments for FCU's. The Fund also engages in repurchase agreements. Based on our review of your Prospectus, these transactions comply with our regulations.

Accordingly, it is the opinion of this Office that the Fund is a legal investment for FCU's. This should not, however, be interpreted or represented as NCUA's endorsement, recommendation or approval of the Cardinal Government Guaranteed Fund. It is merely our opinion that the investment is legal for FCU's. Any communication with Federal credit unions concerning our opinion must clearly state this distinction.

Sincerely,

A handwritten signature in black ink, appearing to be 'S R Bisker'.

STEVEN R. BISKER  
Assistant General Counsel

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