



NATIONAL CREDIT UNION ADMINISTRATION

Washington, D.C. 20456

April 23, 1986

Office of General Counsel

Stanley P. Spence, Esq.
Assistant General Counsel
Pentagon Federal Credit Union
Box 1432
Alexandria, VA 22313

Dear Mr. Spence:

This is in reply to your letter dated March 24, 1986, concerning the acceptance of credit card slips by your Credit Union. Specifically, you ask whether a credit union service organization (CUSO), in which your Credit Union has an investment, may deposit its credit card slips into an account at the Credit Union, to be processed through the clearing system.

We have previously addressed the issue of FCU acceptance of credit card slips from merchants. As we discussed during our telephone conversation, this Office has stated that an FCU can accept credit card slips from merchants for deposit into their share account at the FCU provided the merchant is a member of the FCU. The credit card slips are similar to checks or share drafts that are processed through a clearing system with the merchant member's account being credited (provisionally at first) for the amount of credit card slips deposited into his account and with a discount (processing charge) being levied against such deposits. The essential requirement is that the merchant be a member of the FCU. The same analysis would be applicable to CUSO's..

In conclusion, your FCU can accept for deposit credit card slips from your CUSO provided the CUSO is a member of the Credit Union and the slips are deposited into its account.

If you have any further questions, please let me know.

Sincerely,

A handwritten signature in cursive script, appearing to read "S. Bisker".

STEVEN R. BISKER
Assistant General Counsel

SRB:jrm

FOIA Vol II Part E.6.