



NATIONAL CREDIT UNION ADMINISTRATION
Washington, D.C. 20456

Office of General Counsel

Ms. Carolyn M. Warden
Lykes, Duff, Sarver &
McConnell, Inc.
2807 Linwood Ave.
Cincinnati, OH 45208

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5/23/86

Dear Ms. Warden:

Thank you for your letter dated April 18, 1986, concerning the Irwin Union Certificate of Deposit Program literature.

You were absolutely correct when you stated that NCUA does not "approve" investments or investment programs. We appreciate your bringing the Irwin Union literature to our attention. Please be advised that we will take steps to inform Irwin Union that NCUA does not approve investments, and to caution Irwin Union concerning the future use of opinions issued from this Office.

Once again, thank you for apprising this Office of the above practice.

Sincerely,

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ROBERT M. FENNER
General Counsel

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NATIONAL CREDIT UNION ADMINISTRATION
Washington, D.C. 20456

Office of General Counsel

Capital Markets Group
Irwin Union
P.O. Box 929
Columbus, IN 47202

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Dear Sir/Madam:

The Irwin Union Certificate of Deposit Program for Credit Unions marketing literature (copy enclosed) has recently come to our attention. As more fully explained below, that literature is misleading and misrepresents the action of the National Credit Union Administration (NCUA) when it renders an opinion with respect to legal investments for Federal credit unions (FCU's).

NCUA reviews prospectuses upon submission and then issues opinions as to the legality of the investment. NCUA offers no opinion as to the advisability or soundness of a particular investment. Although not expressed in the December 29, 1982, letter included in your literature, this distinction has subsequently been widely publicized. (See enclosed example of a more recent opinion with the cautionary language.) Accordingly, your literature, which states that NCUA has "approved" the Irwin Union Certificate of Deposit Program for Credit Unions for investment by FCU's, implying that we have somehow ruled on the merits of the investment, is inaccurate.

We ask that you take appropriate steps to correct the misrepresentation caused by your literature.

Please call me at (202) 357-1030 if you have any questions or wish to discuss this matter further.

Sincerely,

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STEVEN R. BISKER
Assistant General Counsel

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Enclosures

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High Rate Investment Opportunity With Maximum Convenience.

Are you looking for high rate investments combined with superior service? Is the time and manpower it takes to call brokers and money center desks, sort out rates, maturities and various investment options, and do credit analysis eating into your earnings? Then you should look into Irwin Union's Certificate of Deposit Program.

The CD Program (N.C.I.A. Approved)

Irwin Union's Certificate of Deposit Program offers you a way to receive high yielding investments which are fully insured by the Federal government. With a nationwide network of financial institutions as our source, we search to provide you with an agreed upon high yielding certificate of deposit rate.

Economic growth demands funding. Our program provides access to capital for financial institutions in growth areas. These institutions need your deposit dollars and are willing to pay highly competitive rates to obtain them. Furthermore, using a credit screening process, we analyze growth, earnings and other information about these institutions to make sure they match your investment program qualifications and acceptability. Through this national network, Irwin Union has successfully placed in excess of \$2 billion.

The Investor's Advantage

Your investment needs and strategy are the first things we consider. Whether you have \$100,000 or \$25 million to invest, short or long term, our CD program can meet your needs. All certificates are insured by the FDIC or FSLIC and placed in \$100,000 increments.

We will comply with issue dates and maturity requirements set by you for 30 days or more.

Interest payment checks for CD's will be mailed quarterly, by the 15th of the month following the end of each quarter.

In addition to acquiring your CD's, we also hold them in safekeeping and provide you with a safekeeping receipt. Statements detailing CD's and interest payments are provided monthly for your records. The administrative and accounting functions we provide are all subject to internal and external audits and periodic review by the FDIC and our external auditors. All these administrative and time consuming functions are yours for a modest custodial fee.

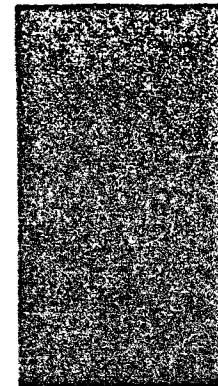
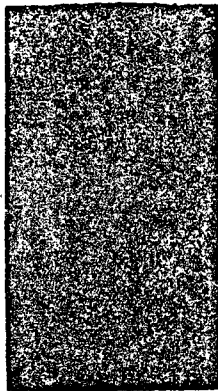
Meeting your investment needs is what our CD program is all about. We look forward to the opportunity of earning your investment business.

Irwin Union Corporation

Headquartered in Columbus, Indiana, Irwin Union Corporation operates through six financial services companies providing investment management, full service and commercial banking, mortgage banking, venture capital, credit insurance and personal and business insurance. High quality financial services are provided to credit unions, banks and other institutional and individual investors throughout the Midwest. Irwin Union Corporation has over \$20 million in shareholder equity, \$300 plus million in assets, and has been a provider of financial services for 115 years.

Your Next Step to The Rate Advantage

For more information about the Irwin Union Certificate of Deposit Program, call 1-800-551-5814 (outside Indiana), 1-800-545-7749 (Indiana) or write the Capital Markets Group, Irwin Union, P.O. Box 929, Columbus, Indiana 47202.



The Rate Advantage

Comparing rates and earnings is the best way to show the economic advantage of our program. Let's assume the following approximate rates were being paid to investors placing \$1 million for 6 months. (Interest calculated on a 360 day basis.)

<u>Investment</u>	<u>Market Rate</u>	<u>Irwin Union CD Program Rate</u>	<u>The Difference</u> Basis Pts.	<u>The Advantage</u>	<u>Annualized Advantage</u>
Commercial Paper	6.90	8.0	110	\$5,576	\$11,152
Bankers Acceptance	6.63	8.0	137	6,945	13,890
Treasury Bills	6.51	8.0	149	7,554	15,108
Euro Dollar CD's	7.05	8.0	95	4,816	9,632

The Irwin Union CD Program rate is generally 75-150 basis points higher than other investment alternatives.

Isn't it time you had The Rate Advantage?

N.C.U.A. Approved





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December 29, 1982

Mr. Earl L. Sprague
Vice President
Irwin Union Bank and Trust Company
Columbus, Indiana 47201-9986

Dear Mr. Sprague:

Having had the opportunity to meet with you and more fully explore the mechanics of your CD Program, I am pleased to state that our previous objections are no longer applicable. As you know, our concern with your program has been with the requirement of section 703.1(a)(1) of the NCUA rules and regulations that a Federal credit union ("FCU") "itself" purchase a certificate of deposit ("CD").

It appears that your CD Program involves your bank as agent of the Federal credit union purchasing the CD's. Under the terms of the agreement, an FCU would approve the bank and savings and loan institution CD's prior to the purchase of them by your bank as agent for the FCU. It is evident from your standard agreement ("Coordinating Agency Agreement") that the Irwin Union Bank would act as agent for an FCU and aid in the settlement of certificate of deposit transactions it enters into with banks and savings and loan associations.

It is our opinion that where a third party acts as agent for an FCU in its purchase of a CD, the "itself" requirement of section 703.1(a)(1) is satisfied. Inasmuch as your bank would act as an FCU's agent for the purpose of purchasing CD's, we would not find your program objectionable.

I hope that we have been of assistance.

Sincerely,

fci ROBERT M. FENNER
Deputy General Counsel