



NATIONAL CREDIT UNION ADMINISTRATION
Washington, D.C. 20456

AUG 15 1986

GC/HMU:sg
3600

Office of General Counsel

Tom E. Walker
Vice President for Administration
Suncoast Schools Federal Credit Union
P.O. Box 11904
Tampa, FL 33680

Dear Mr. Walker:

This is in response to your letter of May 13, 1986, concerning whether a Florida chartered trust company would constitute a financial institution.

As you know, the Federal Credit Union (FCU) Act contains a prohibition against FCU's obtaining control, directly or indirectly, of another financial institution. (See Section 107(7)(I) of the FCU Act, 12 U.S.C. §1757(7)(I).) This Section has been incorporated into the new Investments in and Loans to Credit Union Service Organizations regulation. (See Section 701.27(b)(1)(iii) of the regulation, 12 C.F.R. §701.27(b)(1)(iii).) The NCUA Board has chosen not to define "control" or "financial institution" for purposes of the prohibition. The NCUA Board has interpreted financial institution to be a deposit taking organization, among other things. Hence, it is our present policy that if a trust company is not a deposit taking organization pursuant to state law, an FCU may invest in it without violating Section 107(7)(I) of the FCU Act and Section 701.27(b)(1)(iii) of the new regulation. If a trust company is a deposit taking organization pursuant to state law, an FCU may invest in it as long as it does not obtain control of the trust company.

FOIA file: Vol. III, C, 2a. - CUSO's

Mr. Tom E. Walker

Page Two

I hope that we have been of assistance. If further questions arise please contact Ms. Hattie Ulan of this office.

Sincerely,

151

STEVEN R. BISKER
Assistant General Counsel

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