



NATIONAL CREDIT UNION ADMINISTRATION
Washington, D.C. 20156

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August 17, 1987

Office of General Counsel

Vytenis Rasutis
Chicago Branch Manager
KASA Lithuanian Federal Credit Union
P.O. Box 29130
Chicago, IL 60629

Dear Mr. Rasutis:

This is in response to your letter concerning whether a Federal credit union member has any legal responsibility for the debts or other liabilities of the credit union simply because he is a member.

Pursuant to the authority granted under the Federal Credit Union Act (12 U.S.C. §1751, et seq.), the NCUA charters, insures member accounts, and supervises Federal credit unions (FCU's). A Federal credit union is a distinct legal entity that exists independent of its members. This is implied in Section 104 of the FCU Act (12 U.S.C. §1754) which states, in part that: "upon such approval [of an FCU's organization certificate] the Federal credit union shall be a body corporate and as such, subject to the limitations herein contained, shall be vested with all of the powers and charged with all of the liabilities conferred and imposed upon corporations organized hereunder." While the issue of membership liability is not expressly addressed in the FCU Act, one can readily analogize to the liability of shareholders of a corporation chartered under state law.

Generally, there is no liability imposed on shareholders. The same is true for members of an FCU. In those instances where members may be liable, their liability stems from activities involving more than simply depositing their money into the FCU. For example, members who are employed by the FCU may be personally liable for actions which exceed the scope of their employment. Additionally, members who serve as directors

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and officers may be liable for actions where he or she is adjudged to be negligent or involved in misconduct in the performance of his or her responsibilities at the credit union.

I hope we have been of assistance.

Sincerely,

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

STEVEN R. BISKER
Assistant General Counsel

RD:sg