



NATIONAL CREDIT UNION ADMINISTRATION

WASHINGTON, D.C. 20456

GC/JJE:bhs  
SSIC 4061  
December 22, 1988

Thomas H. Curlee, Jr., Esq.  
Lourie, Curlee, Barrett & Popowski  
1224 Pickens Street  
P.O. Box 12089  
Capitol Station  
Columbia, SC 29211

Re: NCUA Regulation 701.33 (Your letter  
Dated November 28, 1988)

Dear Mr. Curlee:

You have asked whether the term "expenses" as used in Section 701.33(c)(1) of NCUA's Regulations (12 C.F.R. 701.33(c)(1)) regarding indemnification of officials includes damage awards. The term is intended in its broadest sense and does include such awards.

Section 701.33(c) contains three parts: subsection (1) provides the general authorization to indemnify; subsection (2) contains the standards, i.e., either the state law applicable to state chartered credit unions or the Model Business Corporation Act; and subsection (3) provides for an optional method of providing indemnification, i.e., through insurance.

The indemnification authorized under subsection (1) is intended to cover all costs including counsel fees, court costs and damage awards to the extent provided under the appropriate law the Federal credit union has opted to follow. The term "expenses" as used in subsection (1), however, is

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not restricted by the definition of that word under the state law and is not meant to preclude indemnification for damage awards.

Sincerely,

A handwritten signature in cursive script, appearing to read "James J. Enger".

JAMES J. ENGER  
Deputy General Counsel