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3600

NATIONAL CREDIT UNION ADMINISTRATION
Washington, D.C. 20456

February 21, 1989

Office of General Counsel

Mr. Gary Boulware
President
HNTB Employees' Federal Credit Union
9200 Ward Parkway
Kansas City, MO. 64114

Re: Sponsor Liability (Your January 30, 1989,
Letter)

Dear Mr. Boulware:

You have requested an opinion from this Office concerning sponsor company liability for the affairs of a Federal credit union serving the company's employees. Enclosed please find two opinion letters on this issue.

A Federal credit union ("FCU") is a legal entity separate and apart from the sponsoring organization. The sponsoring organization merely serves to limit the FCU's field of membership as required by the FCU Act.

Sincerely,

Hattie M. Ulan

HATTIE M. ULAN
Acting Assistant General Counsel

RD:sg

Enclosures

FOIA

Vol. I, A



NATIONAL CREDIT UNION ADMINISTRATION
Washington, D.C. 20456

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Office of General Counsel

Jerome Y. Sturm, Esq.
Sturm & Perl
21 East 40th Street
New York, NY 10016

Dear Mr. Sturm:

Foster Bryan, Regional Director of NCUA's Region I Office, has asked us to respond to your letter of August 17, 1987, regarding your client, the National Association of Broadcast Employees and Technicians, AFL-CIO, and the NABET Federal Credit Union (FCU). Let me first apologize for the delay in our response.

You have asked us to confirm that NABET, an international labor union, is not legally responsible for any action taken by the FCU or any of its officers or employees. You have also asked what protection is afforded the labor union, by reason of NCUA's approval of the use of NABET in the FCU's name, for any claims asserted against the labor union due to illegal or improper acts of commission or omission by the FCU.

As we understand the facts, the FCU provides financial services to the members of several local NABET unions. It does not serve all of the local unions or the international union. Although originally chartered as the NABET Local 25 Federal Credit Union, NCUA approved the use of the current name in 1982. The FCU did not obtain the approval of the international labor union prior to the name change.

A Federal credit union is chartered by this Agency pursuant to the Federal Credit Union Act, 12 U.S.C. 1751 et seq. It becomes a "body corporate" subject to the limitations, vested with the powers, and charged with the liability conferred and imposed under that Act, 12 U.S.C. 1754. It is a legal entity, separate and distinct from its namesake or any organization whose members or employees constitute the membership of the Federal credit union.

FCU - NCUA - FCU Name

Mr. Sturm
Page 2

The FCU is neither an affiliate nor a subsidiary of NABET or any NABET locals. Therefore, NABET is not legally responsible for the actions of the FCU or its officers and employees, nor is the FCU responsible for NABET's actions. As to NCUA's approval of a name for use by a Federal credit union, such action affords no protection to either the FCU or any other party.

Sincerely,

/s/

JAMES J. ENGEL
Deputy General Counsel

JJE:bhs

cc: RD, Region I



NATIONAL CREDIT UNION ADMINISTRATION

WASHINGTON, D.C. 20456

LS/HMU:cch

3600

54

T. L. Kubani, Esq.
Division Counsel
Lockheed-California Company
Burbank, CA 91520

Dear Mr. Kubani:

This is in response to your letter of November 6, 1984, to Hattie Ulan of this Office concerning the liability of a sponsoring organization for the acts or indebtedness of a Federal credit union (FCU).

As Ms. Ulan stated on the telephone, the sponsoring organization of an FCU is not normally liable for the acts or indebtedness of the FCU. The sponsoring organization, in the context of FCU's, simply serves as the source of membership for FCU's. Generally, the sponsor does not take on the responsibilities of the FCU. However, the sponsor may be liable in certain situations where, for example, the sponsor enters into an agreement to indemnify the FCU or where it is the owner/landlord of the premises where the FCU is located. State common law would determine liability in these areas.

The issue of sponsor liability is not addressed in the FCU Act, 12 U.S.C. §1751 et seq. Accordingly, there is no liability imposed on the sponsor by the FCU Act.

We hope that we have been of assistance.

Sincerely,

51

STEVEN R. BISKER
Assistant General Counsel

FOIA file. Vol. I, A

Sponsor liability