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NATIONAL CREDIT UNION ADMINISTRATION
Washington, D.C. 20456

May 9, 1989

Office of General Counsel

Benjamin E. Robinson
North Hartford Federal Credit Union
255 Barbour Street
Unity Plaza
Hartford, Connecticut 06120

Re: Request for Management Interlock Exemption
Pursuant to 12 CFR Part 711

Dear Mr. Robinson:

This is to inform you that the request to approve a non-grandfathered interlock, due to your management positions at the North Hartford Federal Credit Union and the Connecticut National Bank, was submitted to the NCUA Board at its meeting on April 20, 1989. The NCUA Board ordered an exemption to permit the interlocking relationship to continue until April 1, 1993. Enclosed please find the Board Action Memorandum that was used by the Board in making its determination.

Sincerely,

Hattie M. Ulan

HATTIE M. ULAN
Assistant General Counsel

MM:sg

Enclosure

cc: Regional Director, Region I



NATIONAL CREDIT UNION ADMINISTRATION
Washington, D.C. 20456

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May 9, 1989

Office of General Counsel

Linda J. Kelly, Esq.
Connecticut National Bank
777 Main St.
Hartford, CT. 06115-2001

Re: Request for Management Interlock Exemption
Pursuant to 12 CFR Part 711 (Your November 1,
1988, Letter)

Dear Ms. Kelly:

You have asked for approval to continue a non-grandfathered interlock involving a management official of the Connecticut National Bank who is also a management official of the North Hartford Federal Credit Union. This matter was presented to the NCUA Board at its meeting on April 20, 1989. The NCUA Board ordered an exemption to permit the interlocking relationship to continue until April 1, 1993. Enclosed please find the Board Action Memorandum which was used by the Board in making its determination.

Sincerely,

Hattie M. Ulan

HATTIE M. ULAN
Assistant General Counsel

MM:sg

Enclosure

cc: Regional Director, Region I



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NATIONAL CREDIT UNION ADMINISTRATION
Washington, D.C. 20456

May 9, 1989

Office of General Counsel

Jane Principe
Office of the Comptroller of the Currency
NE District
District Counsel
1114 Avenue of the Americas
Suite 3900
N.Y., N.Y. 10036

Re: Request for Management Interlock Exemption
Pursuant to 12 CFR Part 711

Dear Ms. Principe:

You have asked us to keep you informed on the status of Connecticut National Bank's request for approval to continue a non-grandfathered interlock involving a management official of the Connecticut National Bank who is also a management official of the North Hartford Federal Credit Union. This request was presented to the NCUA Board at its meeting on April 20, 1989. The NCUA Board ordered an exemption to permit the interlocking relationship to continue until April 1, 1993. Enclosed please find the Board Action Memorandum which was used by the Board in making its determination.

Sincerely,

A handwritten signature in cursive script that reads "Hattie M. Ulan".

HATTIE M. ULAN
Assistant General Counsel

MM:sg

Enclosure

cc: Regional Director, Region I

FOIA

Vol. III, Part A, 4

BOARD ACTION MEMORANDUM

TO: NCUA BOARD

DATE: April 5, 1989

FROM: Office of General Counsel ^{HULL} **SUBJ:** Exemption Under the
Depository Institution
Management Interlocks
Act and Regulations

ACTION REQUESTED: Board Order to Permit Interlocking
Relationship Until April 1, 1993.

DATE ACTION REQUESTED: April 20, 1989

OTHER OFFICES CONSULTED: Region I (Albany)

VIEWS OF OTHER OFFICES CONSULTED: Concur

BUDGET IMPACT, IF ANY: None

RESPONSIBLE STAFF MEMBERS: Hattie M. Ulan and Roy DeLoach

SUMMARY

A management official of the North Hartford Federal Credit Union has recently become a management official of the Connecticut National Bank. This creates an interlocking relationship prohibited by the Management Official Interlocks Act and NCUA regulations implementing the Act unless the NCUA grants an exemption based on regulatory requirements. It is staff's opinion that such regulatory requirements are met and the Board should permit the interlock as requested until April 1, 1993.

BACKGROUND

The prohibited management interlock occurred when the Connecticut National Bank ("the Bank") employee, who also serves on the North Hartford Federal Credit Union's ("the FCU") board of directors, was promoted to a management level position within the Bank. Benjamin E. Robinson, while a non-officer employee of the Bank, began his service with the FCU in early 1987 through his bank-approved affiliation with the Urban League of Greater Hartford. Mr. Robinson was asked to serve as a technical advisor to the FCU. He was subsequently elected to the board of directors of the FCU and

elected its president on May 21, 1987. On April 1, 1988, Mr. Robinson was appointed an officer of the Bank, thereby creating the interlock.

The FCU was established in 1946 as a church-related credit union. In 1964 it was converted from a church-related credit union to an "urban residential" Federal credit union with a field of membership open to all Hartford residents and/or those whose principal place of business is within the Hartford city boundaries. The majority of the FCU members are black or Hispanic. NCUA's Region I office has designated the FCU as a low income credit union based on the definition found in 700.1(h) of the NCUA Rules and Regulations.

The manager of the FCU has resigned effective December 26, 1988. Mr. Robinson is providing management direction for the FCU until a replacement can be found. The FCU's board of directors is composed principally of minority group members.

LAW AND ANALYSIS

Under the Depository Institution Management Interlocks Act ("the Interlocks Act") (12 U.S.C. §3201 et seq.), a management official of a depository organization is prohibited from also serving as a management official of another depository institution located in the same community or metropolitan statistical area. The Bank and the FCU are located in the same metropolitan statistical area. Under the authority of the Interlocks Act, the NCUA and the other Federal financial regulators have issued substantially similar regulations implementing the Interlocks Act. (See 12 C.F.R. Part 711.)

For purposes of the Interlocks Act, the Connecticut National Bank is under the jurisdiction of the Comptroller of the Currency and the North Hartford Federal Credit Union is under the jurisdiction of the NCUA. The Interlocks Act grants authority to Federal financial regulators to issue regulations permitting management interlocks between certain classifications of institutions which would otherwise be prohibited under the Act. (See 12 U.S.C. §3207.)

Section-711.4(b) of the NCUA's Rules and Regulations (12 C.F.R. §711.4(b)) provides, in part:

(b) Interlocking relationships permitted by Board order. A management official or a prospective management official of an insured institution, a savings

and loan holding company, or an affiliate of either may enter into an otherwise prohibited interlocking relationship with a depository organization that falls within one of the classifications enumerated in this paragraph (b) if the Federal supervisory agency (as specified in Section 207 of the Interlocks Act) of the organization that falls within one of the classifications determines that the relationship meets the requirements set forth in this paragraph....

(1) Organization in low-income area; minority or women's organization. A person may serve at the same time as a management official of two or more depository organizations (or affiliates thereof) if one of the depository organizations is (i) located, or to be located, in a low-income or other economically depressed area, or (ii) controlled or managed by persons who are members of minority groups or by women, subject to the following conditions: (A) the relationship is necessary to provide management or operating expertise to the organization specified in (i) or (ii) above; (B) no interlocking relationship permitted by this subparagraph shall continue for more than five years; and (C) other conditions in addition to or in lieu of the foregoing may be imposed by the appropriate Federal supervisory agency in any specific case.

NCUA is the supervisory agency which makes the determination that the prohibited interlock between the Bank and the FCU meets one of the exceptions set forth in Section 711.4(b)(1) because the exemption is being requested on the basis that: (i) the FCU is located in a low-income area; and (ii) the FCU is controlled or managed by persons who are members of a minority group or women. Neither the Interlocks Act nor Part 711 of the NCUA Regulations define "low income or economically depressed area." For purposes of interpreting

Part 711, staff believes that the definition of "low income area," as used in Part 711, should conform to the definition of "low income members" as found in Section 700.1(h) of the NCUA's Rules and Regulations.

Using the definition found in Section 700.1(h), NCUA's Region I Office has designated the FCU as a low-income FCU. In addition, the FCU is controlled and managed by minorities.

It is staff's opinion that an exemption from the Interlocks Act is proper pursuant to Section 711.4(b)(1)(i) and (ii) of the NCUA's Rules and Regulations due to the facts that the FCU is located in a low-income area; the FCU is controlled and managed by persons who are members of a minority group; and the FCU is relying upon Mr. Robinson to provide necessary management expertise. The regulation provides that any interlocking relationship permitted under the above cited sections may not continue for more than five years. It was requested that the interlock continue until April 1, 1993.

RECOMMENDATION

Staff recommends that the NCUA Board permit the interlocking relationship to continue until April 1, 1993.