



NATIONAL CREDIT UNION ADMINISTRATION
Washington, D.C. 20456

April 17, 1990

Office of General Counsel

Mr. Leo M. Neff
Board Secretary
Andrews Federal Credit Union
Andrews Air Force Base
Washington, D.C. 20331-0001

Re: Associate Directors (Your March 8, 1990,
Letter)

Dear Mr. Neff:

You asked several questions concerning the appointment of "Associate Directors" at your Federal Credit Union. In general, we do not object to the concept of Associate Directors. We assume that serving as an Associate Director will serve as a training program for future directors.

Your specific questions and our answers follow:

1. "Does the Credit Union Board of Directors have the authority to appoint 'Associate Directors'? An Associate Director would attend all Board meetings (including Executive Sessions), participate in the discussions, but have no vote."

The concept of Associate Director is not addressed in the Federal Credit Union (FCU) Act, the NCUA Rules and Regulations or the Standard FCU Bylaws. Section 113(13) of the FCU Act (12 U.S.C. 1761b(13)) authorizes the board of directors to appoint "any other committees to which it can delegate specific functions." It seems that this authority could include the appointment of a committee of Associate Directors.

2. "If permissible, would these 'Associate Directors' have any fiduciary responsibility or be construed to have any legal liability for action of the Board?"

It does not appear to us that Associate Directors would be liable for actions of the board; however, any liability

Mr. Leo M. Neff
April 17, 1990
Page 2

issues would be better addressed pursuant to state law. We advise that you consult with local counsel on this issue.

3. "Since 'Associate Directors' would be appointed by the Board (probably for a period of one (1) year), and would not be Directors as defined by the Federal Credit Union Act, what if anything should be done about the confidentiality of member information?"

Article XIX, Section 2. of the Standard FCU Bylaws provides in part:

The officers, directors, members of committees and employees of this credit union shall hold in confidence all transactions of this credit union with its members and all information respecting their personal affairs....

As noted in our answer to 1. above, Associate Directors could be appointed as a committee. Article XIX, Section 2. applies to all committee members.

We also note that Article XIX, Section 4. of the Standard FCU Bylaws prohibits any director, committee member, officer, agent, or employee from participating

in the deliberation upon or the determination of any question affecting his pecuniary interest or the pecuniary interest of any corporation, partnership, or association (other than this credit union) in which he is directly or indirectly interested.

This prohibition would also apply to any Associate Director.

Sincerely,

Hattie M. Ulan

Hattie M. Ulan
Associate General Counsel

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