

NATIONAL CREDIT UNION ADMINISTRATION

WASHINGTON, D.C. 20456

February 26, 1991

David B. Beckhorn
Chief Operating Officer
Wegmans Federal Credit Union
2599 E. Henrietta Rd.
Rochester, New York 14623

Re: Credit Union Service Organizations (Your
January 29, 1991, Letter)

Dear Mr. Beckhorn:

You have asked the following questions: 1) Can a credit union service organization (CUSO) provide services to a member of an affiliated credit union, even though the volume of services provided to the member will greatly exceed the volume of services provided to the affiliated credit union? Yes, such service to a member can be provided. 2) Are paid employees of an affiliated federal credit union's (FCU) sponsor prohibited from serving as officials of the FCU if the sponsor receives services from the CUSO? No, they are not so prohibited.

BACKGROUND

Wegmans Food Markets Inc. (Wegmans), the sponsor and a member of Wegmans Federal Credit Union, is considering establishing a CUSO. The FCU would invest in the CUSO. The CUSO would be established to perform check processing, credit card draft processing and ATM servicing for both Wegmans and the FCU. It is anticipated that the volume of services performed by the CUSO would be significantly greater for Wegmans than for the FCU. Currently, all members of the board of directors, supervisory committee and credit committee of the FCU are paid employees of Wegmans.