

February 7, 1996

Carlos E. Garcia, Assistant Vice President  
J B Hanauer & Co.  
2960 Aventura Boulevard  
North Miami Beach, Florida 33180

Re: Flow-Through Insurance Coverage  
(Your January 29, 1996, Letter)

Dear Mr. Hanauer:

You have written asking for a legal opinion on whether the National Credit Union Share Insurance Fund provides flow-through insurance for a "block CD." You have defined a "block CD" as "one where there are several beneficial owners within it." Unlike the Federal Deposit Insurance Corporation, the National Credit Union Administration's Insurance Regulations, 12 C.F.R. Part 745, do not provide for multi-tiered fiduciary relationships. In order for insurance coverage to apply, the owner of the funds must be a member of the credit union. Because of the membership requirement, insurance coverage in multi-tiered relationships would have to be reviewed on a case-by-case basis.

Attached is an opinion letter from me to Anne E. Scalse, Esquire dated December 5, 1995, which addresses your concerns regarding recordkeeping requirements for custodial accounts and the limitations on brokered deposits.

I hope that we have been of assistance.

Sincerely,

Richard S. Schulman  
Associate General Counsel

GC/MFR:bhs  
SSIC 3500  
96-0136  
Enclosure