

October 24, 1996

Ms. Karen A. Buche
Vice President, Human Resources
Bell Federal Credit Union
11718 Holmes Circle
Omaha, NE 68137-2219

Re: Hiring of Relatives (Your October 10, 1996, Letter)

Dear Ms. Buche:

There is no requirement in the Federal Credit Union Act or the National Credit Union Administration Rules and Regulations that a federal credit union (FCU) establish a nepotism policy. As a matter of safety and soundness/internal control, an FCU may wish to consider adopting a nepotism policy. Your current policy on the hiring of relatives is adequate. Attached is a June 4, 1991, letter from Hattie M. Ulan, Associate General Counsel to Joseph P. Covelli, Esq. which may provide further guidance.

Sincerely,

Michael J. McKenna
Acting Associate General Counsel

GC/MFR:bhs
SSIC 3700
96-1024

Enclosure