

April 13, 2001

Dennis R. Pershing, Chief Operations Officer
MIDFLORIDA Federal Credit Union
P.O. Box 8008
Lakeland, Florida 33802-8008

Re: Cashing of U.S. Government Checks for Nonmembers.

Dear Mr. Pershing:

You have asked whether, as an authorized paying agent of United States savings bonds (U.S. savings bonds), your federal credit union (FCU) is permitted to cash checks issued by the federal government for nonmembers. As explained below, the answer is no.

Your FCU is an authorized paying agent of U.S. savings bonds. As an authorized paying agent, your FCU is required to redeem savings bonds for nonmembers when requested to do so. 31 C.F.R. §321.10.

You suggest that because an FCU, acting as a paying agent of the U.S. government, is permitted to cash U.S. savings bonds for nonmembers, it should also be permitted to cash checks issued by the federal government for nonmembers. The Federal Credit Union Act does not permit FCUs to cash checks for nonmembers. Further, this activity does not fall within an FCU's incidental powers. 12 U.S.C. §1757(12).

The NCUA has deemed services to nonmembers as an incidental FCU power when: 1) the primary purpose of an FCU's permissible member service is to extend the service to the members; and 2) when the service offered to the membership requires that it also be made available to the public. In order for an FCU to be a U.S. savings bond paying agent and provide this service to its members, an FCU must also provide the service to nonmembers. An FCU is permitted to cash U.S. savings bonds for nonmembers because it is incidental to

the FCU providing a service to its members. There is no analogous requirement that an FCU cashing a check issued by the federal government to its members also cash checks issued to nonmembers. The cashing of nonmembers checks issued by the federal government is neither an express FCU power, nor an incidental FCU power, and is therefore impermissible

Sincerely,

Sheila A. Albin
Associate General Counsel

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SSIC 3000
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