

February 27, 2004

Cathy Madsen, Vice President
Marketing and Business Development
Centris Federal Credit Union
11718 M Circle
Omaha, NE 68137

Re: Management Official Interlocks.

Dear Ms. Madsen:

You have asked if a member of your credit union who is also an employee of Farm Credit Services of America (FCSA), an agricultural cooperative bank, is eligible for election to your board of directors. Although we do not believe any rule administered by NCUA applies in this case, the employee may be prohibited from serving on your board by a rule administered by the Farm Credit Administration (FCA).

The Depository Institution Management Interlocks Act (Interlocks Act) establishes certain prohibitions against the same individual simultaneously serving as a management official of two, unaffiliated depository institutions. 12 U.S.C. §§3201 et seq. NCUA has a regulation that implements the Interlocks Act for federally insured credit unions. 12 C.F.R. Part 711.

We do not believe an agricultural cooperative bank is a depository institution for purposes of the Interlocks Act. Agricultural cooperative banks like FCSA are part of the federal Farm Credit System, a network of borrower-owned financial institutions and related service organizations that provides a dependable source of credit to the agricultural sector in the United States. 12 U.S.C. §§2001 et seq. They do not accept deposits. 12 U.S.C. §2122(17). They are not regulated by any of the federal banking agencies having responsibility for enforcement of the Interlocks Act, but instead are regulated by the FCA, an independent agency within the executive branch. 12 U.S.C. §§2241, 2243(2).

Even though the Interlocks Act does not apply, the proposed dual service may still be prohibited. The FCA has promulgated rules that establish standards of conduct for all employees, directors and agents of institutions comprising the Farm Credit System. 12 C.F.R. Part 612. The rules prohibit any employee of a Farm Credit System institution from serving as an officer or director of any commercial bank, savings and loan or other financial institution (excluding an "employee credit union") that is not part of the Farm Credit System. 12 C.F.R. §612.2150(d).

We note that your credit union has a community charter. Since its field of membership does not specifically describe or include employees of FCSA, we do not believe that the credit union qualifies as an "employee credit union" within the meaning of the rule. Therefore, we believe the rule may prohibit a member who is employed by FCSA from serving on the credit union's board. We suggest you refer the member to the FCA for clarification on this point.

Sincerely,

Sheila A. Albin
Associate General Counsel

GC/RPK:bhs
04-0135

