

April 4, 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 February 12, 1996, Letter)

Dear Mr. Garcia:

You have requested our opinion on whether the National Credit Union Share Insurance Fund provides flow-through insurance for a "block CD." We have previously advised you that since only persons within a credit union's field of membership may belong to the credit union, insurance coverage involving multi-tiered relationships would have to be reviewed on a case-by-case basis using specific factual scenarios. Unfortunately, your facts are insufficient to provide a response. For example, while you reference community development credit unions (CDCU) in your letter, you do not indicate whether your facts apply to a CDCU. You have also not advised us whether the hypothetical beneficial owners are credit union members.

The less general your hypothetical, the more likely we will be able to give you a satisfactory response.

Sincerely,

Richard S. Schulman  
Associate General Counsel

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96-0220