

April 16, 1997

Charles R. Simpson, Jr., President/CEO  
First Citizens' Federal Credit Union  
271 Union Street  
New Bedford, MA 02740

Re: Hiring of Consultants  
(Your April 3, 1997, Letter)

Dear Mr. Simpson:

You have asked whether it is permissible for a federal credit union (FCU) to enter into a contract with a consulting company which is partially owned by a member of your FCU's board of directors. The consulting services will consist of assisting the FCU in strategic planning, ALM planning and technology planning. You advise that pursuant to Article XIX, Section 4 of the FCU Bylaws, the director will recuse himself from participating in any of the contract negotiations. As explained in the attached opinion letter dated January 21, 1992, from Hattie G. Ulan, Associate General Counsel to Mr. Arthur G. DeRusso, although we have no legal objection based on the facts provided, NCUA's Rules and Regulations have a number of conflict of interest provisions applicable to FCU directors which should be checked to ensure that there is no conflict.

Sincerely,

Sheila A. Albin  
Acting Associate General Counsel

GC/MFR:bhs  
SSIC 3600  
97-0412

Enclosure