

June 2, 1998

Terri Katzaman, President
Wichita Falls Federal Credit Union
2100 Seymour Highway
Wichita Falls, Texas 76301

Re: Check Cashing Services to Nonmembers

Dear Mr. Katzaman:

You have requested an opinion from this office on the permissibility of a federal credit union (FCU) cashing checks for nonmembers within its field of membership. Region V has advised you that FCUs may not provide check cashing services to nonmembers, however, you contend that the particular facts of your situation make prior legal opinions prohibiting the practice inapplicable. The Region has correctly advised you that cashing checks for nonmembers is not permissible under the Federal Credit Union Act.

In support of your request, you state that the FCU: charges lower fees for cashing checks; has fewer holidays than other financial institutions in the area; and is only cashing its sponsor's payroll checks. The sponsor is not a member of the FCU.

The Federal Credit Union Act (Act) only authorizes FCUs "to cash checks . . . for members." 12 U.S.C. §1757(12). While the Act also authorizes FCUs "to exercise such incidental powers as shall be necessary or requisite to enable it to carry on effectively the business for which it is incorporated," we interpret this provision only to permit activities in connection with providing services to members. 12 U.S.C. §1757(17). Cashing checks for nonmembers is not necessary in order for an FCU to provide this service to its members. Therefore, it does not qualify as an incidental power.

You may want to consider that, if the sponsor were a member, the FCU would be able to provide the proposed services. An employer may be included in an occupational common bond group. Chapter 1, Section II, A.1, NCUA Chartering and Field of Membership Manual (IRPS 94-1, as amended by IRPS 96-1).

Sincerely,

Sheila A. Albin
Associate General Counsel

GC/MFR:bhs/SSIC 3601 / 98-0321