

BOARD ACTION MEMORANDUM

TO: NCUA Board

DATE: April 29, 2011

FROM: Office of General Counsel

SUBJ: Final Rule – Part 750
Golden Parachute and
Indemnification Payments

ACTION REQUESTED: The NCUA Board's approval of a final rule regarding golden parachutes and indemnification payments.

DATE ACTION REQUESTED: May 19, 2011.

OTHER OFFICES CONSULTED: All Regional Directors, Office of Examination and Insurance, Office of Corporate Credit Unions, Office of Small Credit Union Initiatives.

VIEWS OF OTHER OFFICES CONSULTED: Concur.

BUDGET IMPACT, IF ANY: None.

SUBMITTED TO INSPECTOR GENERAL FOR REVIEW: Yes.

RESPONSIBLE STAFF MEMBERS: Ross Kendall, Special Counsel to the General Counsel, and Pamela Yu, Staff Attorney, Office of General Counsel.

SUMMARY: Staff recommends adoption of a final rule to prohibit, in certain circumstances, a federally insured credit union (FICU) from making golden parachute and indemnification payments to an institution-affiliated party (IAP). The rule will help safeguard the National Credit Union Share Insurance Fund (NCUSIF) by preventing the wrongful or improper disposition of FICU assets and will inhibit unwarranted rewards to IAPs who may have contributed to an FICU's troubled condition. The rule was issued in proposed form in July, 2010 and published for comment; as discussed in the preamble to the final rule, the comments were considered and some changes to the final rule have been made.

RECOMMENDED ACTION: Recommend the Board approve the final rule.

ATTACHMENT: Final Rule and Preamble.