BOARD ACTION MEMORANDUM

TO: NCUA Board
FROM: Office of General Counsel

DATE: 
SUBJ: Golden Parachute and Indemnification Payments

ACTION REQUESTED: The NCUA Board’s approval to publish a proposed rule with request for comments regarding golden parachutes and indemnification payments.

DATE ACTION REQUESTED: July 29, 2009.

OTHER OFFICES CONSULTED: All Regional Directors, Office of Examination and Insurance, 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: Pamela Yu, Staff Attorney, Office of General Counsel.

SUMMARY: NCUA proposes to adopt a rule to prohibit, with some exceptions, a federally insured credit union (FICU) from making golden parachute and indemnification payments to an institution-affiliated party (IAP). The proposed rule is intended to help safeguard the National Credit Union Share Insurance Fund (NCUSIF) by preventing the wrongful or improper disposition of FICU assets and to inhibit unwarranted rewards to IAPs who may have contributed to an FICU’s troubled condition.

RECOMMENDED ACTION: Recommend the Board issue the proposed rule, with a 30-day comment period.

ATTACHMENT: Proposed Rule.