

BOARD ACTION MEMORANDUM

TO: NCUA Board **DATE:** March 24, 2015
FROM: Regional Director L. J. Blankenberger
Region I (Albany) **SUBJ:** Request for Exemption by the State of
Connecticut Department of Banking
pursuant to 12 C.F.R. 712.10

ACTION REQUESTED: NCUA Board approval exempting Federally Insured State Chartered Credit Unions in the State of Connecticut from 12 C.F.R. 712.3(d)(1), (2), and (3).

DATE ACTION REQUESTED: April 30, 2015

OTHER OFFICES CONSULTED: Office of Examination and Insurance
Office of General Counsel

VIEWS OF OTHER OFFICES CONSULTED: Office of Examination and Insurance concurred with recommendation for approval of exemption. As NCUA regulations do not stipulate that Office of General Counsel concurrence is required, informal feedback was received indicating no objection.

BUDGET IMPACT, IF ANY: None.

SUBMITTED TO INSPECTOR GENERAL FOR REVIEW: N/A

RESPONSIBLE STAFF MEMBERS: Regional Director L. J. Blankenberger and Associate Regional Director - Operations Rebecca Paliwodzinski.

SUMMARY: The State of Connecticut Department of Banking (CT SSA) requested an exemption for FISCUs chartered in Connecticut from compliance with 12 C.F.R. 712.3(d)(1), (2), and (3). In accordance with 12 C.F.R. 712.10, the CT SSA has demonstrated that Connecticut General Statutes Section 36a-461a(g)(1)(A) provides for the legal authority to secure the information required in 12 C.F.R. 712.3(d)(1), (2), and (3). The provisions within 12 C.F.R. 712.3(d)(1), (2), and (3) require that all credit union service organizations (CUSO) account for their transactions in accordance with generally accepted accounting principles, prepare quarterly financial statements and obtain an annual financial statement audit, and provide regulators with complete access to CUSO books and records and the ability to review internal controls.

The CT SSA has also provided copies of the examination guidance their staff follows to implement the Statutes. Our review found that the CT General Statutes are either equal to or more stringent than 12 C.F.R. 712.3(d)(1), (2), and (3).

As stipulated in 12 C.F.R. 712.10(c) and (d), the Commissioner of the Department of Banking provided sufficient written assurances regarding NCUA's access to information. The assurances specifically note that the CT SSA will allow NCUA examiners with direct access to CUSO books and records upon NCUA's request and the CT SSA will provide NCUA, upon request, with access to copies of financial statements and reports that a CUSO has provided to the CT SSA. The attached Regional Summary concluded that the CT SSA is willing and able to provide the access and that no restrictions are placed on the time frame of a request.

RECOMMENDED ACTION: The NCUA Board grant the exemption as provided in 12 C.F.R. 712.10.

ATTACHMENTS:

cc: Executive Director Mark A. Treichel
Director, Office of Examination and Insurance, Larry Fazio
General Counsel Michael McKenna
Director, Office of the Inspector General, Jim Hagan