

March 27, 1996  
Richard Leigh  
President/Chief Executive Officer  
Auto Club Employees  
Federal Credit Union  
P.O. Box 54205-B4  
Los Angeles, CA 90054-0205

Re: Donation to Credit Union Conference  
(Your Request of March 11, 1996)

Dear Mr. Leigh:

You requested an opinion regarding the ability of a federal credit union ("FCU") to donate funds to the Serving The Underserved Conference (the "Conference"), to be held August 9-11, 1996 at the Hyatt Regency O'Hare Hotel in Chicago, Illinois. As you know, the general objective of the Conference is to facilitate and encourage credit union efforts to improve and expand the availability of personal financial services to the "underserved." Specific objectives are to facilitate credit union participation in contributing to the general objective in ways each considers appropriate to its mission and goals by: (1) increasing the emphasis, programs, and accessibility to make personal financial services more available to the entire membership under a credit union's existing charter; (2) expanding membership opportunities to additional individuals and communities, particularly those who do not have personal financial services readily available from any financial institutions and removing all barriers from those who desire such services; and (3) creating new credit unions to make needed financial services available to those currently being underserved or not served at all. Staff and organizers also anticipate that the Conference will assist credit unions in compliance efforts and enhance credit union safety and soundness.

Given the importance of the general and specific objectives of the Conference to FCUs, it is clear that donations to the Conference are within the incidental authority of an FCU. Of course, since most of the Conference has been previously funded by the National Credit Union Administration ("NCUA"), donations should not be made to NCUA. Instead, donations can be made to the Conference through the National Association of Credit Union Chairmen ("NACUC") to provide scholarships to credit union volunteers and officials who otherwise could not afford to attend. Such donations are legitimate FCU expenditures, and not charitable donations subject to the limitations of Interpretive Ruling and Policy Statement No. 79-6. 44 Fed.Reg. 56691 (October 2, 1979)(applies to charitable donations to community organizations). Like donations to assist the construction of credit union league and trade association buildings, or donations to assist other credit union conferences, it has long been NCUA's position that such donations are of tangible value to the donor FCU, result in FCU and credit union movement betterment, and are not corporate waste.

Sincerely,

Richard S. Schulman  
Associate General Counsel

GC/MS:sg  
SSIC 3500  
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