

July 6, 2006

Paul D. Leon Guerrero, Board Member
Government of Guam Federal Credit Union
P.O. Box 2833
Hagatna, Guam 96932

Re: Conflict of Interest.

Dear Mr. Guerrero:

You asked if a conflict of interest exists for a director who is employed at a company owned by the same majority owner as a company involved in a sale of real property to the credit union. Based on the facts you presented, the director does not appear to be sufficiently linked to the transaction to raise a prohibited conflict of interest under the Federal Credit Union (FCU) Bylaws.

In the circumstances you presented, the director does not have a financial or personal interest in the company owning the property being considered for purchase by the credit union. The director is merely employed at a company that has the same majority owner as the company involved in a sale of real property to the credit union. The director is not the majority owner of the two companies and is not a director of either of the companies.

The FCU Bylaws prohibit directors and others acting on behalf of a credit union from participating in any discussion or decision that conflicts with that person's financial or personal interest. FCU Bylaws, Article XVI, Section 4. There is no conflict of interest unless a director has a direct or indirect interest in a company with a financial interest in the transaction or the director himself has a direct or indirect financial or personal interest in the transaction. A conflicting interest can be direct or indirect and extends to any interest the person has in a corporation, partnership, or association with a financial interest in a matter under consideration by the credit union.

Sincerely,

Sheila A. Albin
Associate General Counsel

GC/LKD:bhs
06-0608