

All redactions made pursuant to exemption 6 of the FOIA.

UNITED STATES OF AMERICA
BEFORE THE NATIONAL CREDIT UNION ADMINISTRATION

In the Matter of

xxxxxxx

Docket BD 16-08

Insurance Claim

Decision and Order on Appeal

Decision

This matter comes before the National Credit Union Administration Board (Board) pursuant to 12 CFR 745.202, as an administrative appeal of the denial of an insurance claim by the Agent for the Liquidating Agent of New London Security Federal Credit Union (FCU) denying xxxxxxxxxxxxxx insurance claim in the amount of \$54,458.47.

Background

New London Security FCU was a faith-based federal credit union chartered in 1936 to serve the Jewish community in the New London/Groton area of Connecticut. The NCUA Board placed the FCU into involuntary liquidation on July 28, 2008 due to insolvency and named itself as the liquidating agent. Staff within NCUA's Asset Management and Assistance Center (AMAC) was named as agent for the liquidating agent.¹

xxxxxxxxxxx had four joint accounts at the FCU, two held jointly with her husband and one with each of her two adult daughters. The following sets forth relevant information on xxxxxxxxx accounts:

Account #	Account Name	Liquidation Balance
xxxx	xxxxxxxxxxxxx OR xxxxxxxxxxxxxxxxx	xxxxxxxxxxxxx
xxxx	xxxxxxxxxxxxx OR xxxxxxxxxxxxxxxxx	xxxxxxxxxxxxx

¹ All references to AMAC throughout this Decision refer to it in its capacity as agent for the liquidating agent.

by any of the co-owners. The interest of a co-owner in all qualifying joint accounts shall be added together and the total for that co-owner shall be insured up to the SMSIA. [standard maximum share insurance amount - \$100,000 in this case]²

(b) *Qualifying joint accounts.* A joint account is a qualifying joint account if each of the co-owners has personally signed a membership or account signature card and has a right of withdrawal on the same basis as the other co-owners....

12 C.F.R. §745.8.

Section 745.2(c)(4) of the NCUA Regulations states that “the interests of co-owners of a joint account shall be deemed equal...” 12 C.F.R. §745.2(c)(4).

The four xxxxxxxx accounts all qualify as joint accounts. None of the accounts were established as beneficiary accounts. Since interests of co-owners are deemed equal and each co-owner is entitled to up to \$100,000 in joint account insurance coverage, each co-owner qualifies for insurance coverage of their 50% interest in each of their accounts, up to \$100,000 per co-owner.

The establishment of a second joint account for xxxxx and xxxx xxxxxxxx on July 16, 2008 (even if based on the advice of FCU personnel) and the transfer of funds from her three other joint accounts into that account did not affect account insurance coverage. All of the accounts were held jointly and each individual is entitled to up to \$100,000 of joint share insurance coverage, regardless of the number of joint accounts held, as noted in the last sentence of §745.8(a).

NCUA’s brochure entitled “Your Insured Funds” notes the following on the first page:

NCUA’s rules on insurance coverage control how accounts will be insured. Members are advised that no persons may, by representations or interpretations, effect the extent of insurance coverage provided by the Federal Credit Union Act as amended and the rules and regulations for insurance of share accounts.

Statements made by credit union personnel are not binding on AMAC or the NCUA Board and do not obligate either to provide coverage in excess of coverage provided by the NCUA Regulations.

² We note that effective October 3, 2008, insurance coverage was raised from \$100,000 to \$250,000 pursuant to the Emergency Economic Stabilization Act of 2008 (Public law No. 110-343). This standard amount of insurance coverage will revert to \$100,000 after December 31, 2009, unless further legislation is enacted. This FCU was union liquidated on July 28, 2008, prior to the passage and the effective date of the legislation. See 73 Fed. Reg. 62856 (October 22, 2008).

AMAC made the correct insurance determination. Mrs. xxxxxxx is not entitled to an additional payment of \$xxxxxxx. This amount remains as uninsured shares pursuant to NCUA Regulations in effect at the time of the liquidation.

Order

For the reasons set forth above, it is ORDERED as follows:

The Board upholds the Agent for the Liquidating Agent's denial on reconsideration and denies the xxxx xxxxxx's appeal for \$xxxxxxxxxx.

The Board's decision constitutes a final agency determination. Pursuant to 12 CFR 745.203(c), this final determination is reviewable in accordance with the provisions of Chapter 7, Title 5, United States Code, by the United States district court for the federal judicial district where the credit union's principal place of business was located. Such action must be filed not later than 60 days after the date of this final determination.

So **ORDERED** this 19th day of March 2009 by the National Credit Union Administration Board.

Mary Rupp
Secretary of the Board