

UNITED STATES OF AMERICA
BEFORE THE NATIONAL CREDIT UNION ADMINISTRATION BOARD

In the Matter of

IUISTHE FEDERAL CREDIT UNION

Docket No. 94-002

Decision and Order on Appeal

Decision

This matter comes before the National Credit Union Administration Board (Board) pursuant to the policy set forth in NCUA's Chartering and Field of Membership Manual (Interpretive Ruling and Policy Statement 89 1 (IRPS 89 1)) as an appeal of the Region I Director's denial of a field of membership expansion request.

Background

IUISTHE Federal Credit Union (hereinafter "FCU") is an associational credit union, chartered in 1983, and is located in New York City. Its field of membership includes members of District 6 of the International Union of Industrial, Service, Transport and Health Employees in New York City. Its asset size is \$117,000 (as of June 30, 1994) and it has approximately 500 members.

On May 26, 1993, the FCU contacted the Region I Director with its request to serve 1000 IUISTHE labor union members located in Moscow, Russia. No supporting documentation was submitted with the field of membership expansion request. On June 3, 1993, the Region I Director denied the request based on an FCU's lack of authority to serve foreign nationals located in foreign countries. On August 5, 1993, the FCU requested that the Region I Director reconsider his June 3, 1993, decision. Again, the FCU did not provide any supporting documentation. On September 7, 1993, the Region I Director denied the reconsideration, restating that FCUs generally do not have the legal authority to serve foreign nationals located in foreign countries. After further correspondence, on April 21, 1994, the FCU's attorney requested an appeal of the Region I Director's denial. The appeal does not provide any documentation or basis for the expansion.

Legal Authority and Analysis

Section 126 of the Federal Credit Union Act (12 U.S.C. §1772) states as follows:

The provisions of this chapter shall apply to the several States, the District of Columbia, the several Territories, including the trust territories, and possessions of the United States, the Panama Canal Zone, and the Commonwealth of Puerto Rico.

We start from the general proposition that Section 126 is a jurisdictional restriction or limitation on the authority of this Board and on Federal credit unions as well. It does not permit this Board to charter a Federal credit union in a foreign country to serve that country's citizens. Nor do we believe this Board has the authority to charter a Federal credit union within the United States or its territories for the purpose of serving foreign nationals residing beyond the territorial limitations of the

United States as set forth in Section 126.¹ Furthermore, we see no basis for determining that granting field of membership expansions to existing Federal credit unions for the sole purpose of serving foreign citizens in foreign countries is a legitimate means of avoiding the restriction of Section 126, and the FCU has provided none.² Therefore, we find that the Regional Director's denial of the FCU's field of membership expansion request was appropriate and in accordance with law.

Order

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

The Region I Director's denial of a field of membership expansion request by IUISTHE Federal Credit Union to add 1000 Russian members of the IUISTHE union located in Moscow, Russia to the IUISTHE Federal Credit Union's field of membership is upheld and the request for appeal of the denial is denied.

So Ordered this 16th day of September, 1994, by the National Credit Union Administration Board.

Becky Baker
Secretary of the Board

¹This is not to say that the Board has never permitted Federal credit unions to serve foreign nationals or to operate overseas. Federal credit unions have been permitted to serve foreign nationals who work or reside in the United States and otherwise qualify for membership. However, this service is incidental to the providing of services to resident American citizens. As another example, Federal credit unions serving military personnel are permitted to establish branch offices on overseas military installations. Again, their primary purpose is to provide credit union service to U.S. military personnel and civilian employees stationed overseas. The military installations themselves are considered American soil. The IUISTHE FCU request is not analogous to either of these types of permitted activity. Its proposal is quite the opposite: to expand service a group of foreign citizens twice the size of its existing membership.

²The FCU's discussion of labor union affiliation and denying benefits based on nationality are irrelevant to the issue before the Board. To the Board's knowledge, the Supreme Court has not determined, nor could it determine, that the protection and benefits of laws enacted by Congress extend to foreign nationals living within the borders of their own sovereign countries.