

UNITED STATES OF AMERICA

BEFORE THE NATIONAL CREDIT UNION ADMINISTRATION

In the Matter of

XXXXXXXXXXXXXXXXXXXXXXXXXXXX

Docket 98-INS-003

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 determination by the Liquidating Agent of Espirito Santo Federal Credit Union denying the xxxxxxxx insurance claim in the amount of xxxxxxxxxx. The appeal follows a denial upon reconsideration by the Liquidating Agent.

Background

The xxxxxxxxxxxxxxxxxxxxxxxxxxxx, husband and wife) and their adult son (xxxxxxx xx), had seven accounts at the credit union. Five of the accounts were titled to xxxxxxxx xx and xxxxxxx, one account was titled to xxxxxxxxxxxxxxxxxxxxxxxxxxxx and one was titled to xxxxxxx alone. There were no signature cards or signed joint account agreements for any of the accounts titled in more than one name. The xxxxxxx state the assistant manager of the credit union advised them that setting up their accounts in this fashion would provide full insurance coverage and that they relied on this advice.

Summary of Claim

Initially, this appeal was for uninsured funds in the amount of xxxxxxxxxx. This was based on the Asset Management and Assistance Center (AMAC) determination that there were five qualifying joint accounts - totaling xxxxxxxxxx - with the same combination of individuals. Such accounts are entitled to \$100,000 of insurance coverage. (12 CFR 745.8(d).) The sixth account was insured as a joint account with a different combination of individuals and the seventh was insured an individual account. AMAC continued to review and reconstruct the Appellants' claim during the pendency of the appeal. Upon second review, AMAC determined that the six accounts did not qualify as joint accounts since there were no signature cards or signed joint account statements. NCUA Regulations require a signed account signature card indicating the joint nature of the account; non-qualifying joint accounts are insured as individually owned accounts. 12 CFR 745.8(b) & (c).

The table below illustrates to whom funds were attributed for insurance purposes upon AMAC's second review.

XXXXXXXXXX	XXXXXXXX	XXXXXXXXXX	XXXXXX	XXXXXXXXXX
Xxxxxxxx	x xxxx	x xxxx	x xxxxx	
Xxxxxxxx	xxxxxxx	Xxxxxxxx	xxxxxxx	
Xxxxxxxx	xxxxxxx	Xxxxxxxx	xxxxxxx	
xxxxxxxxxxxx	xxxxxxx	Xxxxxxxx	xxxxxxx	
Xxxxxxxx	xxxxxxxxxx	xxxxxxxxxx	xxxxxxxxxx	

XXXXXXXXXXXX	XXXXXXX	XXXXXXX		XXXXXXX
XXXXXXXXXXXX	XXXXXXX		XXXXXXX	
XXXXXXXXXXXX	XXXXXXXXXXXX	XXXXXXXXXXXX	XXXXXXXXXXXX	XXXXXXX

Funds allocated to xxxxxxxxxxxxxxxxxxxxxxxx. were fully insured because they were within the \$100,000 of insurance for individually owned accounts. 12 CFR 745.3(a)(1). xxxxxxxx funds exceeded \$100,000 by xxxxxxxxxxxx, the amount currently appealed. AMAC made an additional insurance payout of xxxxxxxxxxxx, reducing the amount of the xxxxxxxx claim to xxxxxxxxxxxx, the amount attributed to xxxxxxxx over the \$100,000 for individually owned funds.

Analysis

Section 745.3 addresses insurance of single ownership accounts.

745.3(a) ...

(1) *Individual accounts.* Funds owned by an individual ... and deposited in one or more accounts in the individual's own name shall be insured up to \$100,000 in the aggregate.

Section 745.8 addresses insurance of joint accounts.

745.8(a) *Separate insurance coverage.* Accounts owned jointly, ... shall be insured separately from accounts individually owned by any of the co-owners.

(b) *Qualifying joint accounts.* Joint accounts are insured separately from individual accounts up to a maximum of

\$100,000 provided that each of the co-owners has personally signed an account signature card and has a right of withdrawal

on the same basis as the other co-owners.

(c) *Failure to qualify.* An account owned jointly which does not qualify as a joint account for purposes of insurance of

accounts shall be treated as owned by the named persons as individuals and the actual ownership interest of each such

person in such account shall be added to any other accounts individually owned by such person and insured up to \$100,000 in the aggregate...

(d) *Same combination of individuals.* All joint accounts owned by the same combination of individuals shall be added together and insured up to \$100,000 in the aggregate.

Accounts No. 1 - 6 in the table above did not qualify as joint accounts because there were no signature cards indicating the joint nature of the accounts, one of the requirements for joint account coverage. Therefore,

funds in accounts 1 - 6 shall be insured up to \$100,000 in the aggregate for each individual, with any other individually held funds of the owner.

The xxxxxx are entitled to a maximum of \$100,000 each in insurance coverage for single ownership and non-qualifying joint accounts. The xxxxxx have been paid the appropriate amounts according to the NCUA Regulations.

Order

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

The Board upholds the Liquidating Agent's decision to deny the xxxxxxxx claim in the amount of xxxxxxxxxx and denies the xxxxxxxx appeal.

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 Court of Appeals for the District of Columbia or the court of appeals for the Federal judicial circuit 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 30th day of July, 1998 by the National Credit Union Administration Board.

Becky Baker

Secretary of the Board