

UNITED STATES OF AMERICA  
BEFORE THE NATIONAL CREDIT UNION ADMINISTRATION

In the Matter of

St. Stanislaus

*Docket 98-INS-005*

Federal Credit Union

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 Agent for the Liquidating Agent of Espirito Santo Federal Credit Union (ESFCU) denying St. Stanislaus Federal Credit Union's insurance claim in the amount of \$2,753.95. The April 10, 1998 appeal follows a denial by the Agent for the Liquidating Agent of a request upon reconsideration.

Background

St. Stanislaus Federal Credit Union (Appellant) had three term share certificates with ESFCU. The principal balances of the individual certificates were \$20,000, \$30,000 and \$50,000. With accrued dividends, Appellant had a total of \$102,753.95 in its accounts at ESFCU. The Agent for the Liquidating Agent paid Appellant \$100,000, leaving \$2,753.95 in uninsured shares. Appellant claims that each of its three term share certificates should be separately insured for the full amount of the certificate. Appellant provides no basis to support such insurance coverage.

Analysis

A Federal credit union is authorized to invest its funds in share certificates of federally insured credit unions pursuant to Section 107(7) of the FCU Act (12 USC 1757(7)). Funds deposited by a federal credit union into another federal credit union are insured pursuant to Section 745.6 of the NCUA Rules and Regulations (12 CFR 745.6). Section 745.6 provides in part: "Accounts of a corporation, partnership, or unincorporated association ... shall be insured up to \$100,000 in the aggregate." Appellant's accounts are insured pursuant to Section 745.6. The total available coverage is \$100,000. Part 745 of the Regulations provides basis for payment of this claim.

As an institution accepting deposits from its members subject to NCUA's share insurance regulations, Appellant should be aware of the limitations on insurance coverage. The Appellant either knew or should have known that its share certificates would be insured in the aggregate. All federally insured credit unions are subject to the limits specifically set forth in Section 745.6 of the NCUA Regulations.

Order

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

The Board upholds the Agent for the Liquidating Agent's decision to deny St. Stanislaus Federal Credit

Union's claim in the amount of \$2,753.95 and denies the 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 23<sup>rd</sup> day of September, 1998 by the National Credit Union Administration Board.

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Becky Baker

Secretary of the Board