

March 12, 1993

Adrienne M. Sturm,  
General Manager  
St. Thomas Employees Federal  
Credit Union  
2115 Summit Avenue - Mail #201LOR  
St. Paul, Minnesota 55105

Re: Gifts to Committee Members (Your Undated Letter)

Dear Ms. Sturm:

Each year, St. Thomas Employees Federal Credit Union ("St. Thomas") gives each member of its credit and supervisory committees a Christmas card containing a receipt for a small deposit into his or her share account. The gift is not intended as payment for services, but, rather as an expression of appreciation for the many hours contributed by these volunteers. St. Thomas' examiner suggested that you contact this Office for an opinion on the legality of the gifts.

Section 111(c) of the Federal Credit Union Act ("Act"), 12 U.S.C. 1761(c) states:

No member of the board or of any other committee shall, as such, be compensated, except that reasonable health, accident, similar insurance protection, and the reimbursement of reasonable expenses incurred in the execution of the duties of the position shall not be considered compensation.

Section 701.33(b) of the NCUA Rules and Regulations, 12 C.F.R. ~701.33(b), provides that, with the exception of one board officer specified in the federal credit union's ("FCU") bylaws, no FCU official may receive compensation for performing duties or responsibilities of the board or committee position to which he has been elected or appointed. "Official" is defined in Section 701.33(a) to include a member of the supervisory committee or the credit committee. Section 701.33(c) sets forth several exceptions to the definition of compensation, none of which is applicable here. Clearly, under the Act and the Regulations, a supervisory committee or credit committee member may not receive compensation from the FCU. The IRS has generally held that Christmas gifts of nominal value given to employees are not considered compensation. Although NCUA is not bound by IRS rulings, we have previously followed that IRS interpretation when construing the word "compensation" for purposes of Section 111 and Section 701.33. Therefore, it is our opinion that gifts of nominal value to supervisory and credit committee members do not constitute compensation in violation of the Act or the Regulations.

Your letter did not specify the amount of the gift deposits that St. Thomas gives to its committee members. You describe the deposits as "small" and we assume for purposes of this opinion that they are nominal value, and therefore permissible. However, it is up to St. Thomas' board of directors to set the amount of the gifts, and to ensure that they actually are of nominal value. If necessary, the board should consult its own attorney on this issue.

Sincerely,

Hattie M. Ulan  
Associate General Counsel

cc: John S. Ruffin, Region V Director

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SSIC 3600  
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