

Redacted Opinion No.: 97-4

March 24, 1997

“A” Credit Union

Subject: Authority of “A” Credit Union to conduct business at United States Army and Air Force Installations in Italy

Dear “C”:

This letter is in response to your memo dated February 27, 1997, inquiring whether a Washington state-chartered credit union (Washington credit union) may conduct business at United States Army and Air Force installations in Italy. You have indicated that “A” has been conducting business for over twenty-seven years at such installations, and is currently conducting business at installations in Aviano (Aviano Air Base), Vicenza (Camp Ederle), and Pisa (Camp Darby), Italy.

Conclusion

As explained in greater detail below, I have concluded that “A” Credit Union, as a Washington credit union, may continue conducting business at United States military installations in Italy, and may continue serving groups there in its field of membership.

Background

I understand that “A” was organized as a federal credit union (“FCU”) in 1954. It was examined and supervised by the National Credit Union Administration (NCUA), pursuant to the Federal Credit Union Act, 12 U.S.C. 1751 et seq. A federal credit union must specify in its charter the groups that are within its field of membership, and may not add groups to its field of membership without the approval of the NCUA.

I also understand that in February 1969, the “FCU” received NCUA approval to serve “Military and United States national, civilian personnel of the United States Army or Air Force who work at, or are attached to an installation in Italy.”

On February 14, 1997, the “FCU” converted to a Washington credit union under Chapter 31.12 of the Revised Code of Washington (RCW). Its members’ shares and deposits continue to be federally-insured by the National Credit Union Share Insurance Fund (NCUSIF), as approved by the NCUA, the administrator of the NCUSIF, and to that extent “A” remains subject to the rules and regulations promulgated by the NCUA. Washington statute requires that “A” maintain its federal (NCUSIF) share and deposit insurance.

General regulation of Washington credit unions

Washington credit unions, such as “A”, operate under Chapter 31.12 RCW. This Chapter is administered by the Director of the Washington State Department of Financial Institutions (DFI), who has in large part delegated his authority in regard to the regulation of credit unions to the Assistant Director of DFI’s Division of Credit Unions (Division). Among other duties, the Division examines and supervises Washington credit unions, processes applications for federally-chartered credit unions to convert to a Washington charter, and issues interpretations, including questions respecting field of membership. RCW 31.12.715, .516.

Powers of Washington credit unions

Notwithstanding any other provision of law, Washington credit unions may exercise any of the powers and authorities possessed by federally-chartered credit unions as of December 31, 1993. RCW 31.12.136. This provision is commonly referred to as the federal parity provision.

As noted above, the “FCU” was authorized by the NCUA well before 1993 to serve groups at the United States military installations in Italy noted above. “A” has continued to conduct business and serve groups at these installations up to the present time. It is apparent that federal credit unions possessed the power and authority to conduct business at United States military installations in Italy, as of December 31, 1993.

Consequently, I have concluded that, by virtue of the federal parity provision in Washington statute, “A” continues to possess, as a Washington credit union, the power and authority to conduct business at United States military installations in Italy and to serve those groups there within its field of membership.

State approval of continuation of field of membership

A Washington credit union must specify in its bylaws the groups that are within its field of membership, and may not add groups to its field of membership without the approval of the Division.

In approving the “FCU’s” conversion, the Division approved the continuation of its field of membership. Consequently, “A” may continue to serve those groups at the United States military installations in Italy. Moreover, those persons who were shareholders and members of the “FCU” immediately prior to the conversion continued to be shareholders and members of “A” after the conversion. RCW 31.12.715.

I hope this letter provides clarification on “A’s” continuing authority for its operations at military installations in Italy. If other interested parties have further questions on this issue, please encourage them to contact me at (360) 902-8778.

Sincerely,

J. Parker Cann
Assistant Director