



UNITED STATES GENERAL ACCOUNTING OFFICE

WASHINGTON, D.C. 20548

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OFFICE OF GENERAL COUNSEL

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October 13, 1982

B-200951

Mrs. Mary E. Anderson, President
Board of Directors
Chatham Park Village Cooperative
737 East 83rd Place
Chicago, Illinois 60619

Dear Mrs. Anderson:

This is in response to your letter dated July 6, 1982, on behalf of the Board of Directors of the Chatham Park Village Cooperative requesting our opinion on whether or not an "expenditure for fund raising donations is permissible from the loan moneys received from the National Consumer Cooperative Bank." As you requested in a telephone conversation with Alan Belkin of my staff on September 28, 1982, this letter confirms what you were advised at that time.

The National Consumer Cooperative Bank was converted from a mixed ownership Government corporation to a Federally chartered private bank owned and controlled by its cooperative stockholders by the Omnibus Budget Reconciliation Act of 1981, Pub. L. No. 97-35, 95 Stat. 357, 433, August 13, 1981, 12 U.S.C. § 3001 *et seq.* See H.R. Rep. No. 97-208, 718 (1981). While the General Accounting Office and the Farm Credit Administration are authorized by section 115 of the National Consumer Cooperative Bank Act, as amended, 12 U.S.C. § 3025, "to examine and audit the Bank," it is not the function of our Office to review or resolve questions involving matters of loan administration. Even when Federal agencies or instrumentalities are concerned, we do not ordinarily rule on questions involving program administration unless we are requested to do so by the agency itself. For example, in B-205532, December 10, 1981 (copy enclosed), which involved a somewhat similar question concerning the loan programs administered by a Federal agency and instrumentality, we said the following:

"A Federal agency or instrumentality is generally accorded a wide degree of latitude and discretion in administering the Government programs that are under its jurisdiction. This is especially true with respect to decisions involving specific loans and loan applications. It is clearly not the function of our Office to review or pass on the manner in which a Federal agency or instrumentality exercises its discretion in an individual case either with respect to the handling and servicing of a loan or in deciding whether or not a loan application should be approved."

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Since, as stated above, the National Consumer Cooperative Bank has been converted to a private bank, albeit one created and chartered by the Congress of the United States (12 U.S.C. § 3011), it is even more apparent in this case that our Office should not substitute our judgments and determinations for those of the National Consumer Cooperative Bank—the entity that made the loan in question and which has the responsibility for administering the program. Accordingly, we suggest that you submit your question to the National Consumer Cooperative Bank, which would have the authority and jurisdiction to determine whether its loan funds may be used in the manner and for the purpose described in your letter.

Sincerely yours,



Robert H. Hunter
Assistant General Counsel

Enclosure