

e(b) (1), 2996(e) (b) (2), 2996e (b) (5), 2996f (5), 2996g(e).

#### § 1618.1 Purpose.

In order to insure uniform and consistent interpretation and application of the Act, and to prevent a question of whether the Act has been violated from becoming an ancillary issue in any case undertaken by a recipient, this part establishes a systematic procedure for enforcing compliance with the Act.

#### § 1618.2 Definition.

As used in this part, "Act" means the Legal Services Corporation Act or the rules and regulations issued by the Corporation.

#### § 1618.3 Complaints.

A complaint of a violation of the Act by a recipient or an employee may be made to the recipient, the State Advisory Council, or the Corporation.

#### § 1618.4 Duties of recipients.

A recipient shall (a) Advise its employees of their responsibilities under the Act; and

(b) Establish procedures, consistent with the notice and hearing requirements of section 1011 of the Act, for determining whether an employee has violated a prohibition of the Act; and shall establish a policy for determining the appropriate sanction to be imposed for a violation, including

(1) Administrative reprimand if a violation is found to be minor and unintentional, or otherwise affected by mitigating circumstances;

(2) Suspension and termination of employment; and

(3) Other sanctions appropriate for enforcement of the Act; Lut

(c) Before suspending or terminating the employment of any person for violating a prohibition of the Act, a recipient shall consult the Corporation to insure that its interpretation of the Act is consistent with Corporation policy.

#### § 1618.5 Duties of the Corporation.

(a) Whenever there is reason to believe that a recipient or an employee may have violated the Act, or failed to comply with a term of its Corporation grant or contract, the Corporation shall investigate the matter promptly and attempt to resolve it through informal consultation with the recipient.

(b) Whenever there is substantial reason to believe that a recipient has persistently or intentionally violated the Act, or, after notice, has failed to take appropriate remedial or disciplinary action to insure compliance by its employees with the Act, and attempts at informal resolution have been unsuccessful, the Corporation may proceed to suspend or terminate financial support of the recipient pursuant to the procedures set forth in Part 1612 of this chapter, or may take other action to enforce compliance with the Act.

THOMAS EHRLICH,  
President,  
Legal Services Corporation.

[FR Doc. 76-27861 Filed 9-22-76; 8:45 am]

## PROPOSED RULES

### [45 CFR Part 1619]

#### PUBLIC DISCLOSURE OF RECIPIENT POLICIES

##### Proposed Rulemaking

The Legal Services Corporation was established pursuant to the Legal Services Corporation Act of 1974, Pub. L. 93-355, 88 Stat. 378, 42 U.S.C. 2996-2996f ("the Act"). Section 1005(g) of the Act, 42 U.S.C. 2996d(g), provides that the Corporation shall be subject to the provisions of the Freedom of Information Act, 5 U.S.C. 552.

Pursuant to section 1008(e) of the Act, the Corporation hereby affords notice and publishes for comment the following proposed regulations concerning public disclosure of recipient policies. Public comment will be received by the Corporation at its headquarters offices, Suite 700, 733 15th Street, NW., Washington, D.C. 20005 on or before October 26, 1976. Comments must be in writing and may be accompanied by a memorandum or brief in support thereof. Comments received may be seen at the above offices during business hours Monday through Friday.

Final regulations will be issued by the Corporation after review and consideration of public comments received pursuant to this notice.

##### COMMENT

The Act does not apply the Freedom of Information Act to recipients, but there are sound reasons for requiring a recipient to make Corporation regulations, and many of its own records available to the public. The Congressional purpose in applying the FOIA to the Corporation would be furthered by imposing a public-disclosure requirement on recipients, and the requirement is consistent with § 1607.4 of the regulations issued by the Corporation, which requires all meetings of the governing body of a recipient to be open to the public.

The draft regulation presented here is adopted from Part 1602, governing public disclosure of Corporation records, with appropriate changes to protect confidential information and to avoid unnecessary interference with legal assistance activities.

Part 1619 is added in proposed form as follows:

#### PART 1619—PUBLIC DISCLOSURE OF RECIPIENT POLICIES

Sec.  
1619.1 Purpose.  
1619.2 Definitions.  
1619.3 Procedure.  
1619.4 Exemptions.  
1619.5 Denials.  
1619.6 Appeals of Denials.

AUTHORITY: Secs. 1005(g), 1008(e) (42 U.S.C. 2996d(g), 2996e).

##### § 1619.1 Purpose.

This part is designed to insure that the public will have access to records of a recipient to the fullest extent consistent with operating efficiency and the protection of confidential or privileged information.

##### § 1619.2 Definition.

"Records" means books, papers, or other documentary materials, regardless of physical form or characteristics, made or received by a recipient in connection with the transaction of its business and preserved by the recipient as evidence of the organization, functions, policies, decisions, procedures, rules, regulations, guidelines, operations, or other activities of the recipient or the Corporation, or because of the informational value of data in them. The term does not include books, magazines, or other materials acquired solely for library purposes.

##### § 1619.3 Procedure.

(a) Every recipient shall designate an employee to act as Records Officer, with the responsibility for responding to requests to inspect recipient records.

(b) Any member of the public who wishes to inspect or copy records regularly maintained by a recipient may secure access to them at the office of the recipient during business hours. Advance notice or appointment may be required when it would be difficult for a recipient to produce the records requested on short notice.

(c) A request shall identify a record with sufficient specificity to enable the recipient to locate it with a reasonable amount of effort, and without unduly burdening staff or materially interfering with legal assistance activities. If it is determined that a request does not adequately describe the record sought, the response denying the request on that ground shall state how the request failed to meet the requirements of this paragraph, and shall extend to the requesting party an opportunity to confer with recipient personnel in order to attempt to reformulate the request in an acceptable manner.

(d) A recipient is not required to create a record to satisfy a request for information. When the information requested exists in the form of several records at several locations, the requesting party should be referred to those sources only if gathering the information would unduly burden or materially interfere with operations of the recipient.

(e) The Records Officer shall make an initial determination whether to comply with a request for records, and shall notify the requesting party of the determination within ten working days after receipt of the request. In unusual circumstances, the time limit may be extended for no more than an additional ten working days. As used herein, "unusual circumstances" includes

(1) The need to search for and collect the requested records, from field facilities or other establishments that are separate from the office to which the request was made;

(2) The need to search for, collect, and appropriately examine a voluminous amount of separate and distinct records that are included in a single request; or

(3) The need for consultation with another entity having a substantial in-

interest in the determination of the request.

(f) If no determination has been made at the end of the ten-day period, or the last extension thereof, the requesting party may deem the request denied, and appeal, pursuant to § 1619.8. When no determination can be made within the applicable time limit, the Records Officer shall nevertheless continue to process the request, and upon expiration of the time limit shall inform the requesting party of the reason for the delay, of the date on which a determination may be expected to be made, and of the right to treat the delay as a denial and to appeal to the Director of the recipient pursuant to § 1619.8, or to forego appeal until a determination is made.

(g) After it has been determined that a request will be granted, the recipient shall provide a substantive response promptly.

**§ 1619.4 Exemptions.**

(a) Nothing in this part shall require disclosure of

- (1) Any information furnished to a recipient by a client;
- (2) The work product of an attorney or paralegal;
- (3) Any material used by a recipient in providing representation to clients;
- (4) Any matter that is related solely to the internal personnel rules and practices of the recipient; or
- (5) Personnel, medical, or similar files, the disclosure of which would constitute a clearly unwarranted invasion of personal privacy.

(b) If one or more of the above exemptions applies, any reasonably segregable portion of a record shall be provided to the requesting party after deletion of the portions that are exempt. In appropriate circumstances, subject to the discretion of the recipient, a requesting party may be provided with

- (1) A summary of information in the exempt portion of a record, or
- (2) An oral description of the exempt portion of a record.

**§ 1619.5 Denials.**

Whenever a recipient denies a request for a record or deletes part of a record, the requesting party shall be provided with a written statement including

- (a) A reference to the applicable exemption or exemptions in § 1619.3 upon which the denial or deletion is based;
- (b) An explanation of how the exemption applies to the requested records;
- (c) A statement explaining why it is deemed unreasonable to provide segregable portions of the record after deleting the exempt portions;
- (d) The name and title of the person or persons responsible for denying the request; and
- (e) An explanation of the right to appeal the denial or deletion and of the procedure for submitting an appeal.

**§ 1619.6 Appeals of denials.**

(a) Any person whose request to inspect a record has been denied in whole or in part may appeal to the Director of

the recipient by written request made within thirty days after denial. An appeal should identify the requested record and the employee who issued the denial, and state the date on which the denial was issued.

(b) No personal appearance, oral argument, or hearing will ordinarily be permitted on appeal of a denial, but upon request and a showing of special circumstances, an informal conference may be arranged with the Director or the Director's designee.

(c) The decision of the Director shall be in writing and, if the denial is upheld in whole or in part, shall state the reasons for denial. The decision shall be dispatched to the requesting party within twenty working days after receipt of the appeal, unless an additional period is justified pursuant to § 1619.3(c).

THOMAS EHRLICH,  
President,  
Legal Services Corporation.

[FR Doc. 78-2702 Filed 9-22-78; 9:45 am]

**NATIONAL CREDIT UNION  
ADMINISTRATION**

[12 CFR Part 704]

**CORPORATE CENTRAL FEDERAL  
CREDIT UNIONS**

**Proposed Rulemaking**

Notice is hereby given that the Administrator of the National Credit Union Administration, pursuant to the authority conferred by section 120, 73 Stat. 635, 12 U.S.C. 1788, and section 209, 84 Stat. 1014, 12 U.S.C. 1789, proposes to establish a regulation on corporate central Federal credit unions, such regulation to be designated as Part 704 (12 CFR Part 704).

The proposed regulation recognizes that a central Federal credit union that is operated for the primary purpose of serving corporate accounts should be classified as a corporate central Federal credit union (CCFCU), as that term is defined in the regulation, and that the reserving requirements for a CCFCU should be modified to more accurately reflect the lower risk involved in granting loans to corporate accounts, i.e., loans to credit unions. The proposed regulation would establish a reserving requirement for a CCFCU which would differ from that delineated in § 702.2 (12 CFR 702.2) by clarifying risk assets as defined in § 700.1 (12 CFR 700.1), and by creating a "corporate central reserve" (CCR). A CCFCU will be required to transfer to the regular reserve amounts as set forth in § 702.2 (12 CFR 702.2), except that in computing the amount that must be maintained in the regular reserve pursuant to § 702.2 (12 CFR 702.2), loans made to credit unions by a CCFCU under authority of section 107 (5) and 107(8) (A) of the Act (12 U.S.C. 1757(5) and (8) (A)) will now be classified in the same category as loans presently made to other credit unions under authority of 107(8) (C) of the Act (12 U.S.C. 1757(8) (C)), that is, as *low-risk* assets. To cover any potential loss on

loans to corporate accounts, a CCFCU would be required to establish and maintain a CCR as set forth below.

Interested persons are invited to submit written comments, suggestions, or objections regarding the proposed regulations to the Administrator, National Credit Union Administration, 3025 M Street, NW, Washington, DC 20458. Comments received prior to November 16, 1978, will be considered before final action is taken on this proposal. Copies of all written comments received will be available for public inspection during normal business hours at the foregoing address.

G. AUSTIN MONTGOMERY,  
Acting Administrator.

SEPTEMBER 15, 1978.

Sec.  
701.0 Scope.  
704.1 Definitions.  
704.2 Corporate Central Reserve.

AUTHORITY: Sec. 120, 73 Stat. 635 (12 U.S.C. 1788) and Sec. 209, 84 Stat. 1014 (12 U.S.C. 1789).

**§ 704.0 Scope.**

Part 702 of this chapter sets forth the reserving requirements for Federal credit unions. As concerns corporate central Federal credit unions, this part modifies the existing regular reserve structure by eliminating from outstanding loans and risk assets, when computing the amount that must be maintained in the regular reserve, loans to member credit unions (loans to other credit unions are presently excepted from risk assets by § 700.1(j)(4)), and by creating a corporate central reserve.

**§ 704.1 Definitions.**

(a) "Corporate central Federal credit union" means a Federal credit union operated for the primary purpose of serving corporate accounts. A Federal credit union will be deemed to be a corporate central Federal credit union when its total dollar amount of outstanding corporate loans plus corporate shareholdings is equal to or in excess of 75 per centum of its total outstanding loans plus shareholdings.

(b) Risk assets of a corporate central Federal credit union shall be as defined in § 700.1 of this chapter, except, however, loans made under authority of section 107(5) and 107(8) (A) of the Act by a CCFCU to credit unions shall not be considered risk assets.

**§ 704.2 Corporate Central Reserve.**

(a) In addition to the Regular Reserve required by § 702.2 of this chapter, a corporate central Federal credit union shall establish and maintain a Corporate Central Reserve as described in this section.

(b) Immediately before the payment of each dividend, the treasurer shall determine the gross earnings, as defined in § 702.2 of this chapter, of the corporate central Federal credit union. From this amount there shall be transferred to a reserve to be known as the Corporate Central Reserve, as of the end of each dividend period, 2 per centum of gross earnings until the Corporate Central Reserve shall equal 1½ per