



DEPARTMENT OF VETERANS AFFAIRS  
Office of the General Counsel  
Washington DC 20420

FEB 7 1995

In Reply Refer To: 023

Ms. Barbara F. West  
Executive Director  
National Association of Veterans  
Research and Education Foundations  
5018 Sangamore Road, Suite 300  
Bethesda, Maryland 20816

Re: Management of VA Nonprofit Corporation Funds

Dear Ms. West:

This office has received your recent letter including the enclosures from Merrill Lynch's Vice President and Senior Counsel, Kevin Moynihan, regarding the above-referenced matter. We believe that Mr. Moynihan has addressed Federal insurance and investment principal concerns raised at our recent meeting with Bill Odell, a Merrill Lynch Financial Consultant. Mr. Moynihan states that in the unlikely event that a Federally-insured institution in which the VA nonprofit corporation invested its funds through the Merrill Lynch Working Capital Management Account, Insured Savings Program, is taken over by the Federal Deposit Insurance Corporation (FDIC), payments by the FDIC would be made directly to the depositor, here, the Research Corporation. Thus, participants in the Insured Savings Program will receive full FDIC Protection for the entire amount of their investment as Merrill Lynch manages their accounts so that no more than \$100,000 is ever deposited with any one FDIC-insured institution.

We believe that Mr. Moynihan's response indicates that the Merrill Lynch Working Capital Management Account, Insured Savings Program, satisfies the requirement (M-3, Part I, Chapter 17, section 17.05(e)) that any investment of the VA nonprofit research corporation funds must be in Federally-insured accounts or in instruments backed by the full faith and credit of the United States Government. Other brokerage firm accounts offering the same financial

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Ms. Barbara West

security or protection as the Merrill Lynch Working Capital Management Account, Insured Savings Program, would also satisfy the section 17.05(e) requirement.

Sincerely yours,

A handwritten signature in cursive script, appearing to read "Mary Lou Keener".

Mary Lou Keener  
General Counsel