

BEACON CREDIT UNION

May 27, 2005

Proposed Rule for FDICIA Disclosures, Matter No. R411014
Federal Trade Commission/Office of the Secretary
Room H-159 (Annex A)
600 Pennsylvania Avenue, N.W.
Washington, D.C. 20580

Secretary:

Our credit union has \$565 million in total assets and principally represents members residing in North Central Indiana. Beacon Credit Union has provided private share insurance since 1984. During 1994, this credit union complied with the requirements of the Federal Deposit Insurance Corporation Improvement Act of 1991 (FDICIA), by mailing three sequential notices to our then-current membership, seeking their signed acknowledgments recognizing this credit union does not provide federal share insurance.

During the second half of 1994, the credit union mailed approximately 19,900 notices at a cost of about \$35,000. Since that time, we have made every effort to comply with the acknowledgment of disclosure requirement of FDICIA with respect to new members joining the credit union.

The records supporting our compliance with FDICIA in 1994 have been destroyed. We believe that your agency's proposed requirement to obtain such notices again, due to lack of proof of our earlier compliance, would impose an excessive regulatory burden and cost on our organization. Given the lack of regulatory guidance by FTC over the past 14 years, we believe the time period for all forms of compliance with the acknowledgment provisions should commence with the future effective date of any rule promulgated by your commission.

Over the last ten years, our credit union merged with four credit unions allowing approximately 9,000 consumers to continue to receive the benefits of a cooperative credit union. Through each merger, we complied with the requirements of the National Credit Union Administration's (NCUA) Rule 708b, which specifically mandates that the merging credit union's members vote on and approve the combined propositions of merging and converting to a non-federally insured status. Following each merger, members of the merged credit union were notified in writing of the change in their insured status.

Although we may occasionally have the opportunity to re-issue new signature and acknowledgment cards to members of a merged credit union, most continue to receive services under the agreements from their previous credit union relationship. We continually inform members federal insurance is non-existent through our compliance with other disclosures required under the FDIC Improvement Act of 1991.

Since FDICIA initially did not address members gained as a result of a merger involving a federally insured credit union, we request that the FTC exclude this class of new members from having to execute acknowledgment of disclosure with the surviving privately insured credit union.

We are aware of the statutory disclosure language contained in the FDIC Improvement Act of 1991, and understand we are required to post signage in our lobbies and places where deposits are normally received stating that our credit union is not federally insured. We believe we are and have been in compliance with such statutory requirements. However, we are opposed to your proposed rule Section 320.4(a) requiring disclosure signage be posted on our ATMs.

Beacon Credit Union currently owns twelve ATM's and has them strategically located in various public venues for consumer convenience. As a member of the STAR network, we are required by contract to allow customers of all participating financial institutions access to their funds through our ATM's. Nearly all member organizations are federally insured. To post a sign on our ATM's indicating that our credit union is not federally insured would clearly confuse the customers of these other participating institutions when using our machines. This provision of the proposed rule is anti-consumer in nature and defeats the true intent of the law to broaden consumer awareness.

Our members already receive a variety of disclosures regarding share insurance. Requiring postings on our ATM's creates significant confusion for everyone using our machines. As an alternative, we would suggest the posted signage be required only on ATMs physically located inside the main or branch offices of a privately insured credit union.

Thank you for considering my comments and suggestions concerning the proposed rule.

Respectfully submitted,

Bruce Ingraham
President