



May 31, 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:

I am writing in opposition to your agency's proposed rule governing consumer disclosure requirements for privately insured credit unions; specifically, as they affect signage on ATMs.

The South Bay Credit Union, a state-chartered credit union in the state of California, has been privately insured since August 31, 1984, and has been serving the community since 1953. Our credit union has 8,079 members comprising \$59,299,865 in total share/deposit accounts. We are a full-service financial institution offering a wide variety of services; one of which is providing members access to their deposit accounts through ATMs.

We are fully aware of the statutory disclosure language contained in the FDIC Improvement Act of 1991, and the fact that 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 in compliance with such statutory requirements. However, we must take exception to your proposed rule Section 320.4(a) requiring this disclosure signage be posted on our ATMs.

The credit union currently owns one ATM that is located at the main Branch for consumer convenience. We are also a member of the CO-OP, a privately held company with 1,771 total participating member/owners. As a member/owner in this ATM network, we are required by contract to allow customers of all participating financial institutions access to their funds through ATMs owned by us. Most member organizations are federally insured. To post a sign on our ATMs 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.

Since our members already receive a wide variety of disclosures regarding the lack of federal insurance through other means, to require postings on our ATMs creates significant confusion and could cause us to be expelled from the network. If this were to occur as a result of the posting of a required disclosure, we would be forced to eliminate a service otherwise available to members of federally insured credit unions and it would impede consumer access to their funds. This is counterproductive and anti-competitive.

As an alternative, we would propose that the posted signage be required only on ATMs owned by a privately insured credit union, and only on those machines physically located inside the main or branch offices of a privately insured credit union.

Thank you for considering our disagreement with this provision of the proposed rule.

Respectfully submitted,

Dave Richards
Vice President Operations