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June 1, 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.

The Credit Union of Ohio, a state-chartered credit union in the state of Ohio in good standing, has been privately insured since 1967, and has been serving the State of Ohio Employees and the students, faculty and staff of The Ohio State University since 1967. In accordance with FDICIA, our members have been consistently informed of the fact that their share/deposit accounts are not federally insured.

Over the years, two other credit unions have merged into our credit union and both of these merged credit unions were federally insured. While we have always attempted to secure new signature cards that included the acknowledgment of disclosure established under FDICIA following each merger, member response has not always been 100%. In fact, we often feel fortunate to receive a 1% response. Accordingly, to refuse receipt of a merged member's deposit simply because we lacked a signed acknowledgment of disclosure, even though we comply with the other FDICIA disclosure requirements, is counterproductive to the purpose of the merger and damaging to the affected member's personal financial affairs.

Furthermore, NCUA's regulations (Rule 708b), governing mergers of federally insured credit unions into privately insured credit unions, already provide for full and multiple disclosures to the consumer regarding his/her loss of federal share insurance if the merger is approved by MCUA, the membership and the state credit union regulatory authority. In fact, NCUA requires every member be given the chance to vote by mail or in person on such merger proposition, and that a majority of at least 20% of the membership of the merging credit union vote to approve the proposition for the merger to be approved. Even more convincing is the fact that after the merger is approved by all of these parties, the members of the federally insured credit union are also given time to withdraw their funds if they wish, and without any penalties. This seems to be more than adequate notice of the absence of federal share insurance in a merger situation.

Accordingly, we oppose Section 320.5 and request that it be amended to exclude the required signed acknowledgments from new members gained through merging with a federally insured credit union.

Thank you for considering this concern.  
Respectfully submitted,  
Susan Birkhimer, CEO

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