

June 10, 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.

Secretary:

Our credit union has \$14 million in total assets and our membership consists principally of telephone company employees throughout Ohio. The credit union has been privately insured for almost 20 years, and I have been advised by staff that in 1994 we complied with the requirements of the Federal Deposit Insurance Corporation Improvement Act of 1991 (FDICIA). During the second half of 1994, the credit union mailed three sequential notices to its approximately 5750 members asking they sign acknowledging that the credit union was not federally insured, and should the credit union fail, that the federal government would not guarantee they got their money back. The cost of sending three notices was about \$7,000. Since that time, the credit union has made every effort to comply with the acknowledgment of disclosure requirements with respect to new members joining the credit union.

Unfortunately, the records supporting our compliance with FDICIA in 1994 are no longer available. We believe that if your agency would require us to obtain such signed acknowledgments again, we would incur significant costs at a time when earnings are already strained. At today's rates, the cost to print and mail three sequential notices to our members, via first class mail, would approximate \$10,000. This would consume a significant portion of our budgeted net income from operations for the year 2005.

Also, any requirement to obtain signatures from 100% of our members would be impossible, and impose an unbelievable regulatory burden on this small credit union. Very few members do business in person at our small office as many bank by phone or through ATMs available via the STAR Network. Despite our best efforts, a large portion of our membership would likely not sign the acknowledgments of disclosure, forcing us to refuse their deposits. If this were to occur, it would only be a matter of time before members begin to leave our credit union for a federally insured competitor. It would be unimaginable to refuse a deposit from a long-time member because we do not have a current signature on file from them indicating that they are aware that their funds at the credit union are not guaranteed against loss by the federal government. It would create certain unwanted panic within the membership. Our members are constantly reminded that their funds are not federally insured, by disclosures in our quarterly newsletter, periodic statements of account, certificates of deposit and posted signage in our facilities.

A required notice on member's deposit slips indicating the lack of federal share insurance and government guarantee would be impossible to regulate since most share draft account holders order their own checks and deposit slips from outside vendors, not through the credit union. Accordingly, we would never be able to assure compliance if this requirement were to be included in your final rule.

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In conclusion, we would ask that in developing its final rule, the FTC reconsider the devastating 100% acknowledgment of disclosure provision; provide relief for those credit unions privately insured as of June 19, 1994; and, not require the disclosure language be included on all deposit slips, tickets or receipts.

Thank you for your consideration.

Respectfully submitted,

Thomas E. Schuck  
Manager