

Jordan, Sheron

From: _Regulatory Comments
Sent: Tuesday, May 29, 2007 8:07 AM
To: Jordan, Sheron
Subject: FW: Roger Michaelis Comments on Proposed Rule on Member Inspection Rights

-----Original Message-----

From: Roger Michaelis [mailto:rogerm@iqcu.com]
Sent: Friday, May 25, 2007 2:10 PM
To: _Regulatory Comments
Subject: Roger Michaelis Comments on Proposed Rule on Member Inspection Rights

May 25, 2007
Delivered via e-mail regcomments@ncua.gov

Comments on Proposed Rule on Member Inspection Rights

I would like to comment on the National Credit Union Administration's proposal concerning member inspection rights. I am quite concerned at the direction NCUA is taking with its anti-conversion regulations. As a stakeholder in the Credit Union system we oppose many of the elements in this proposal. As NCUA attempts to share corporate records with members we believe this proposal extends a wide variety of risks to the credit union in an unnecessary fashion. This proposal will surely increase our legal fees trying to safeguard the Credit Union from members who wish to see confidential records of the Credit Union. The inspection right is not for individual member rights but for a group of members to petition for access and inspection of records. The petition standard should align with whichever petition standard any credit union has in its bylaws. One of the attempts addressed in the proposal is to exclude information concerning confidential books, records, or minutes of a FCU which would include non-public information such as Social Security numbers and employee records. This would require a "scrubbing" of minutes and reports prior to making available. Would this not lead to more confidential or executive session records which would be exempt from the rule and subsequently circumvent the proposed regulation? It takes Credit Union staff considerable time to produce records. We can document this fact through our efforts to meet examiners requests for information. If a legitimate member request was received during one of our many examinations, NCUA, Department of Financial Institution or independent CPA examination, we would be hard pressed to produce within the required time frame to comply. Members do not like to pay for statement copies or other account research now. If we fully allocate staff time and expense to their request what will be the grievance process regarding our fees to produce the documents? How can the credit unions be assured that the information will not find its way into local newspapers or be used in some other manner that could damage the reputation of the credit union? I think more consideration needs to be given to the weight of inspection rights with reputation risk of the credit union? We are located in the community where Columbia Credit Union's member disputes were aired in the local press. This would have been extremely harmful to Columbia if records were introduced to the media. The media rarely gets all the facts straight when reporting a story. This would have further damaged the reputation of Columbia Credit Union without any benefit to members. I further see a path that would make records related to compensation and benefit provided to senior executive officers accessible. This provides to level of privacy to the employee. Members could then copy Employment Agreements, deferred Compensation Plans, Retirement Benefit Plans, resumes, employment applications and even letters of reference. Should the above level of inspection rights be allowed it is not a stretch then to believe records associated with employee benefit plans (medical insurance renewals), business plans, and marketing strategies would be freely accessible. I believe NCUA needs to address their anti-conversion stance in a different fashion. This proposal can be extended to every record of the credit union beyond the matters that may

be subject to a membership vote. I do not see any limitation to the access to records. It can always be argued that one needs one record to substantiate another record and so on and so on.

I urge you to reconsider and remove this proposal from serious consideration.

Sincerely,

Roger Michaelis
President/CEO
iQ Credit Union
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Vancouver, WA 98668

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