

Jordan, Sheron

From: _Regulatory Comments
Sent: Thursday, June 21, 2007 7:48 AM
To: Jordan, Sheron
Subject: FW: Indiana Credit Union League's Comments on Proposed Rule 12 CFR 701 (Member Inspection of Credit Union Books, Records, and Minutes)

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June 20, 2007

Ms. Mary Rupp

Secretary to the Board

National Credit Union Administration

1775 Duke Street

Alexandria, VA 22314-3428

Re: NCUA's Proposed Rule 12 CFR 701

Member Inspection of Credit Union Books, Records, and Minutes

Dear Ms. Rupp:

This letter represents the views of the Indiana Credit Union League regarding NCUA's Proposed Rule 12 CFR 701, Member Inspection of Credit Union Books, Records, and Minutes. We represent 191 of Indiana's 211 credit unions with those credit unions' memberships totaling more than two million members. We appreciate the opportunity to comment on the proposed rule.

We support the transparency of records to credit union members, and the full disclosure of information necessary for members to make an informed decision on certain credit union related matters put forth by the member-elected board of directors. However, we are opposed to this proposed new rule and encourage NCUA not to approve a final rule in this area. Any perceived benefits of the rule are more than offset by new problems and the additional regulatory burden it would create. The information provided by NCUA does not support the need for additional regulation in this area. As stated in the background information, state law and the standard bylaws currently address member access to the records of a federal credit union. It is further stated in the Paperwork Reduction Act section that NCUA anticipates that there would be perhaps five petition requests per year. This further indicates that there is not a problem with member access to records under the current laws and bylaws, and that an additional rule is not required.

The definition proposed for "minutes" is much too broad and opens the credit union up to inadvertently

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releasing confidential member information, would necessitate legal review of all requested information to determine what can legally be disclosed, and could result in disputes between the credit union and the group requesting the information.

The “1% of members with a maximum of 250” threshold for the petition is too low. This is lower than the FCU bylaws threshold to call a special meeting or to be placed on the ballot for election to the board. This lower threshold could easily result in larger credit unions being constantly asked for access to records by a small group of unhappy members, resulting in potentially significant legal expense to ensure that the information released is appropriate. The potential time and expense associated with this could result in the credit union not being able to focus on those products and services that would be to the benefit of all the members.

The definition of “confidential books, records and minutes” opens up the credit union to providing far too much information about senior management than we believe is appropriate. If resumes, employment applications, reference information, or employment contracts were included, it would exceed what we would consider appropriate disclosure of information.

The proposed regulation states that the requesting members “may not sell” the information. There is no prohibition on the requesting member’s distribution of the information to non-members or other organizations free of charge. This could place the credit union at a strategic disadvantage relative to future expansion plans, products and services, etc.

The credit union members elected the board of directors for the purpose of working with the management team to run the credit union and make the necessary decisions that are in the best interests of the members. If they feel that decisions made are not in the best interests of the members, there are mechanisms for the membership to address these issues through special meetings or by running other individuals for the board.

We believe that the information provided by NCUA with the proposal does not demonstrate that there exists a safety and soundness issue that represents a risk to the insurance fund, or other reason justifying the need for the new rule. Therefore, we do not feel that the proposed rule is necessary. Credit unions are not stock organizations. Laws that were designed for stock corporations are many times unnecessary for cooperative organizations like credit unions.

Thank you for the opportunity to comment on this proposed regulation. We appreciate your request for and consideration of our views related to this proposed regulation.

John McKenzie

President

Indiana Credit Union League

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