

FLORIDA FCU LEAGUE, INC.



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August 18, 2006

JoAnn Johnson, Chairman
National FCU Administration Board
ICO Mary Rupp, Secretary to the Board
1775 Duke Street
Alexandria, VA 22314-3428

Submitted VIA <mailto:regcomments@NCUA.gov>

Comments on Notice of Proposed Rulemaking (Suspicious Activity Report)

Dear Chairman Johnson:

The Florida FCU League (FCUL), representing 175 of Florida's credit unions, appreciates the opportunity to offer our comments on the National Credit Union Administration Board's action to amend or issue regulations. The FCUL always appreciates the opportunity to comment on recent NCUA Board proposals.

The FCUL polled our member credit unions on this proposal and have included their thoughts and concerns on this matter with our response.

The FCUL and its member credit unions continue to support all NCUA's efforts to improve and clarify regulations and instructions; and, we support most of the efforts in this issuance. However, we do have several concerns regarding the requirement for prompt notification of the board of director of the filing of all SARs.

- **Notification to the Board of Directors:** We do not support the requirement for a prompt notification of all SAR filings to a credit union's board of directors. We realize that the credit union's board has the final authority and responsibility for the actions of the credit union, but the board is authorized by regulation and its bylaws to delegate the credit union's day to day operations to management and its employees. We believe that the board's primary obligation should be the safety and soundness of the credit union, not the routine daily operations.

If it is deemed necessary to provide this information, we recommend:

- That it be provided to the supervisory committee chairman, rather than the board.
 - That it be required not more frequently than quarterly.
 - That the term "promptly" be more accurately defined.
- **Confidentiality of Reports:** We are concerned with the potential for a breach of confidentiality when board notification is required. Although, the board as well as all officials, management and credit union employees are required to retain all inside information confidential, there is an increased risk of the information becoming public whenever it is disclosed to a large number of individuals. Since this information is by definition, only "suspicions", we believe it should be disclosed solely to those who are required to be involved in the preparation, approval and reporting process.

We are also concerned with the potential of compromised objectivity on the part of the board; particularly when the SAR may be filed regarding the activities or another official or board member.

Thank you for allowing us to share our comments. We always appreciate the NCUA Board's decision to give credit unions, associations and others an opportunity to participate in the regulatory process. We hope the NCUA Board finds our comments useful in evaluating their action on this proposal.

Sincerely Yours,



Guy M. Hood, President/CEO
Florida FCU League, Inc.

cc: Mary Dunn, Associate General Counsel CUNA