



MISSOURI CREDIT UNION ASSOCIATION

March 28, 2008

Ms. Mary Rupp  
Secretary of the Board  
National Credit Union Administration  
1775 Duke Street  
Alexandria, VA 22314-3428

Re: Advanced Notice of Proposed Rulemaking Proposed to Part 708a and  
Part 708b of NCUA Rules and Regulations

Dear Members of the Board:

Thank you for the opportunity to comment on whether or not the NCUA should promulgate new rules under 708a and 708b of its regulations regarding mergers, conversions to another type of financial institution, and termination of federal share insurance.

We recognize that the NCUA is charged with the responsibility of securing the National Share Insurance Fund. Safety and soundness is the agency's primary responsibility. We believe that the health of the credit union industry should also be of paramount importance and concern to the agency. To that end it is, in our opinion, the role of the agency to empower credit unions to thrive and grow through providing as much operational flexibility allowed within the agency's statutory authority. More regulation is an inhibitor, not an enabler. Consideration should be given to assist credit unions in their ability to respond to the needs of their members during this economic downturn. Therefore, it is our opinion that consideration should be given to avoiding additional regulatory burdens and postponing rulemaking at this time.

We understand that much of what you are seeking in comments relates to full disclosure to respective memberships to insure that members are properly educated on all advantages and disadvantages in order to make an educated decision. Generally speaking, this request for comment concerns the role NCUA should play in guaranteeing the quantity and quality of information used by boards of directors or individual members as they ponder on a decision to merge, convert or liquidate their credit union. We believe in the fundamental principle of full disclosure; and fulfilling the boards' fiduciary responsibility includes providing the membership with all the information available at the time in order to make a responsible decision in the best interest of their members. This, of course, would include all financial arrangements such as enrichment, matching equity positions and special dividends, etc. That being said, in our opinion, the ANPR goes unnecessarily beyond fiduciary standards and guidelines. Any proposed new regulation

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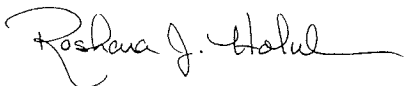
should focus only on clarifying what their fiduciary responsibility is and what to do if it is abdicated.

With regard to voting procedures, the NCUA, as a regulator, currently has the powers to oversee and verify that the democratic process is followed. Irregularities are going to occur and any new regulations cannot eliminate all abuses. NCUA should not assume that boards of directors will **not** act in the best interest of their members; nor should the NCUA promulgate rules solely to address exceptions. There are other avenues to address abuse. Given the incidents of abuse over these past few years, perhaps simply requiring the retention of an independent third party (for example, a CPA firm) to conduct the election would be appropriate. We would expect a competent third party to be able to guard against any and all of the voting issues raised in this ANPR. In regard to communication with “target” credit unions, a prohibition on communications is in a practical sense unenforceable. We would question that would even raise a constitutional issue. However, any actions that disrupt the operations of a targeted credit union (such as in the case with Continental/Wings) could rightfully be subject to cease and desist orders and/or other punitive measures.

In conclusion, it appears that the NCUA already possesses the authority to challenge illegal or irregular mergers or conversions without additional regulation. However, since much of this activity begins or ends with a volunteer board, additional oversight and guidance could be helpful in affirming that their fiduciary responsibility was understood and upheld. However, we encourage the board to delay rulemaking at this time.

Thank you again for providing the opportunity for us to comment.

Sincerely,

A handwritten signature in black ink, appearing to read "Roshara J. Holub". The signature is fluid and cursive, with a long horizontal flourish extending to the right.

Roshara J. Holub  
President  
Missouri Credit Union Association