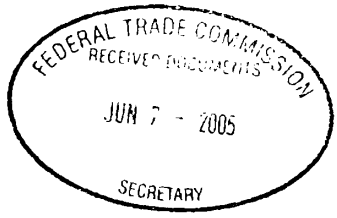
MIDFIRST
Your Bridge to Financial Success

BARRY M. HALLER
President & CEO



June 7, 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. 20580

Secretary:

Our credit union has $200 million in total assets and principally represents 25,000 members in Butler and Warren Counties of Ohio. Also, the credit union has been privately insured since December 1992. In 1994, the credit union complied with the requirements of the Federal Deposit Insurance Corporation Improvement Act of 1991 (FDICIA), by mailing three sequential notices to our then-current members, seeking their signed acknowledgments recognizing the credit union's lack of federal share insurance.

Since that time, we have made every effort to comply with the acknowledgment of disclosure requirement of FDICIA with respect to new members joining the credit union. Disallowing credit unions from receiving deposits from members that have joined the credit union subsequent to June 1994, but failed to sign the required acknowledgment could create serious problems with payment systems; pose personal financial hardship on selected members; and, adversely affect vendors and service providers.

A significant number of electronic transactions are done today (payroll, ACH, Internet banking, etc.), and to refuse an automatic deposit that is needed to pay utility bills or make loan payments would create a dilemma more damaging than the benefit derived from securing such acknowledgment. Given this risk, and the lack of federal oversight or guidance since the passage of the original law in 1991, the FTC should exempt all credit unions that are privately insured, as of the effective date of the final rule, from non-compliance penalties regarding the acknowledgment of disclosure provisions since June 1994.

Unfortunately, the records supporting our compliance with FDICIA in 1994 have been destroyed as required under the credit union's records retention policy. We believe that your agency's proposed requirement to obtain such notices over again, due to the lack of proof of our earlier compliance, would impose an excessive regulatory burden and cost on the credit union. Given the lack of regulatory guidance by the FTC over the last 14 years, we feel the time period for all forms of compliance with the acknowledgment provisions should commence with the future effective date of any rule promulgated by the FTC.

We are also greatly concerned about the FTC's proposal that would require privately insured credit unions to disclose its insured status on <u>all</u> forms of advertising.

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We believe that practicality, common sense and precedence should be considered, and that the agency should give some consideration to exclusions. For example, legible type on some promotional items (like pens) would clearly be impossible, while attaching a disclosure statement that "This institution is not federally insured" on items of apparel borders on the ridiculous.

Both the Federal Deposit Insurance Corporation and the National Credit Union Administration have recognized specific exemptions where federally insured institutions are not required to inform consumers of their insured status, and we would ask that the FTC consider these as appropriate and incorporate them into its final rule.

Additionally, the proposed rule could have a detrimental effect on mergers between federally insured and privately insured credit unions. It is presumed that members gained as a result of a merger of a federally insured credit union into a privately insured credit union could constitute "new members" under the FTC's proposed rule. If the FTC takes this viewpoint, then the continuing privately insured credit union would be prohibited from receiving deposits from such members after the date of merger, unless a signed acknowledgment has been first obtained. This is an impossible task under most circumstances. This provision would create an unrealistic regulatory burden for the continuing credit union, and would cause harm to the members joining the privately insured credit union through the merger. By regulation, the FTC would effectively eliminate the rights afforded under most state laws for a federally insured credit union to merge with a privately insured credit union. Continuing credit unions should be afforded the option to send three sequential notices, as permitted in 1994 to the new members gained through merger.

Thank you for your consideration.

Respectfully submitted,

Barry M. Haller
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