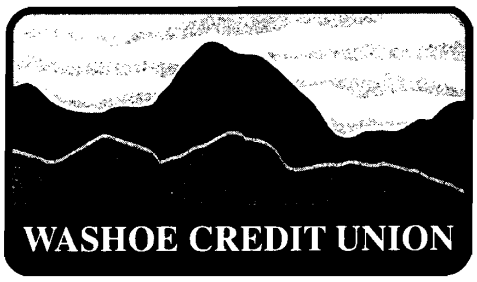


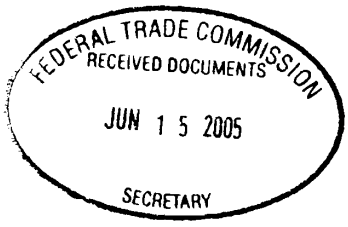


June 14, 2005

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 $68 million in total assets and principally represents government, healthcare and a variety of private business members. Also, the credit union has been privately insured since 1985. 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.

During the second half of 1994, the credit union mailed approximately 6,400 notices incurring significant costs in order to comply. 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.

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.

The FTC's broad interpretation of when and how privately insured credit unions must disclose their insurance status is far broader than that required of federally insured banks or credit unions, and even more excessive than that required of totally uninsured investments alternatives, such as mutual funds.

For example, to suggest that every member sign an acknowledgment that they are aware of their insured status or lose the right to deposit funds with the credit union is unheard of in any other form of investment or depository account relationship today. It is anti-competitive, harassing and impossible to comply with. Effectively, the FTC through rule is attempting to pre-empt a state-authorized right for a credit union to be privately insured

I believe fair and honest disclosure is critical, however, the breadth and scope of the FTC's proposed rule presents an unprecedented regulatory burden to otherwise safe and sound credit unions. The rule needs to be more realistic and recognize what degree of compliance is actually attainable, while remaining relevant to the original statute, FDICIA.

5200 NEIL ROAD RENO, NEVADA 89502 • P.O. BOX 70099 RENO, NEVADA 89570
PHONE (775) 829-2070 • FAX (775) 829-0879 • www.washoecu.org

**Automated Teller Machines**

The credit union currently owns 6 ATMs and has them strategically located in various small employer facilities and other public venues for consumer convenience. We are also a member of The CO-OP Network, a privately held company with approximately 1,800 total participating member/owners. As a member/owner in this ATM network, we are required by contract to allow customers of all participating financial institutions access to their funds through ATMs owned by us. Most member organizations are federally insured. To post a sign on our ATMs indicating that our credit union is not federally insured would clearly confuse the customers of these other participating institutions when using our machines. This provision of the proposed rule is anti-consumer in nature and defeats the true intent of the law to broaden consumer awareness.

Since our members already receive a wide variety of disclosures regarding the lack of federal insurance through other means, to require postings on our ATMs creates significant confusion and could cause us to be expelled from the network. If this were to occur as a result of the posting of a required disclosure, we would be forced to eliminate a service otherwise available to members of federally insured credit unions and it would impede consumer access to their funds. This is counterproductive and anti-competitive.

As an alternative, we would propose that the posted signage be required only on ATMs owned by a privately insured credit union, and only on those machines physically located inside the main or branch offices of a privately insured credit union.

**Deposit Slip and Receipt Disclosures**

Credit union members usually order deposit slips in conjunction with ordering checks. Numerous companies provide such printing services for a fee. While the credit union offers specific sources of supply for checks and deposit slips, many of our members buy these services on-line or from other unaffiliated vendors. Also, other than color choices in checks, most vendors don't offer options for deposit slips. To request custom-ordered deposit slips from any vendor – assuming such service is even available – would be more costly to the consumer. Furthermore, if the consumer fails to secure such deposit slips, it would create an undue regulatory burden on the credit union to police this disclosure. Non-compliance would be pervasive.

We suggest that such disclosures would be redundant, cost-prohibitive and unnecessary given the other forms of consumer disclosures required under the statute. Also, we cite the fact that the NCUA specifically exempts deposit slips, tickets or receipts from containing the required disclosure regarding the presence of federal share insurance.

Alternatively, we propose that privately insured credit unions be required to include such disclosure only on deposit slips available to members within the lobbies of main offices and branches of privately insured credit unions, and whose printing is controlled by the credit union. Shared branches and credit union centers should be exempt from this requirement so as to minimize confusion among credit union members of federally insured credit unions using such shared or common facilities owned and/or leased by privately insured credit unions.

**Advertising**

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

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 would clearly be impossible, while attaching a disclosure statement that "This institution is not federally insured" on items of apparel is extremely unreasonable.

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.

Thank you for your attention to these important issues and allowing us to comment.

Respectfully submitted,

Bruce A. Rodela
President/CEO