



The Ohio Educational Credit Union
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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:

I am writing in response to the FTC's request for comment on the proposed rule governing consumer disclosure requirements for privately insured credit unions.

The Ohio Educational Credit Union, a state-chartered credit union in the state of Ohio, has been privately insured since 1985, and has been serving the employees of educational institutions in Ohio since 1933. Our Credit Union has 22,180 members comprising \$95,773,996 in total share/deposit accounts. Since the passage of FDIC Improvement Act in 1991, we have attempted to comply with all aspects of the law.

Contained in this letter is the Credit Union comment on the proposed rules, specifically in the following areas:

Definition of "all advertising"
Signage on ATMs
Shared Branches
Deposit Slips/Receipts

Definition of "all advertising"

Since the passage of the FDIC Improvement Act in 1991, and the lacking of regulatory guidance since 1991, we have utilized the general requirements that federally insured credit unions, banks and thrifts follow when they disclose the presence of federal insurance. 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, a small pen barely provides enough space for the name of the credit union, yet alone, a statement regarding the form of share insurance. Also, it seems ridiculous to have the disclosure statement appear on apparel, such as shirts and caps. Further, to have a credit union post this disclosure on an outside building sign is anti-competitive and ineffective.

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

Regarding printed materials, we do see the logic in posting such disclosure in member newsletters and other printed materials that promote savings account investments or display current or promotional interest rates on savings. However, we see no reason to include such disclosures on loan promotional materials, such as credit card or mortgage loan advertisements. These materials have no consequence on a member's depository relationship with the credit union. To clarify this issue, we propose that the final rule contain language requiring such disclosure only on printed or electronic materials that mention share or deposit accounts or deposit account rates.

ATMs

The proposed rule requires that privately insured credit unions post a conspicuous notice stating that: "This institution is not federally insured" on its automated teller machines (ATMs). We take exception to this proposal.

The Credit Union currently owns 12 ATMs and has them strategically located in various employer facilities and other public venues for consumer convenience. As a participant in the STAR ATM Network our Credit Union participates in a multi-state ATM network that provides our members access to their funds through over 260,000 ATMs nationally. As a participant in this network, we are required to allow customers of all participating financial institutions to use our machines, and other institutions are required to allow our member to use their ATMs. Posting the required disclosure on our ATMs will only confuse the user, and not add anything to our members' awareness since they are fully advised of the absence of federal insurance when becoming a member, and further informed when they receive their account statement. We believe this specific requirement is far too broad and impractical.

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 branch offices of a privately insured credit union.

Shared Branches

The Credit Union is in the processes of evaluating participation in a shared branching network. The credit union is considering this service because it provides the opportunity to better serve our members needs. To require the proposed disclosure at a shared branching facility that serves more federally insured credit unions than privately insured credit unions, or that is owned by a federally-insured credit union, will be confusing to federally insured credit union members. Further, the NCUA already has specific requirements for posting an official federal insurance advertising sign in share branch facilities and we believe that the NCUA rule sufficiently addresses the shared branching matter. (NCUA Rule 740.4(c))

Deposit Slips/Receipts

The Credit Union has a concern regarding the possible FTC interpretation of FDICIA to conclude that we must also place the disclosure on all deposit slips, tickets or receipts we are convinced that 100% compliance would be impossible and the cost of compliance to the consumer/member prohibitive.

The Credit Union members usually order deposit slips in conjunction with ordering checks. Numerous companies provide such printing services for a fee. While we offer specific sources of supply for checks and deposit slips, many of our members buy these services from other unaffiliated vendors. To request custom-ordered deposit slips from any vendor would be costly to the consumer/member. Furthermore, if the consumer fails to secure such deposit slips, it would create an undue regulatory burden on the Credit Union to monitor this disclosure requirement.

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 NCUA specifically exempts deposit slips, tickets or receipts from containing the required disclosure regarding the presence of federal share insurance.

Conspicuous

We continually endorse fair and honest disclosure of our members' deposit insurance status, and we take every step to meet the requirements of the FDIC Improvement Act of 1991. Since disclosure may be presented in various ways, shapes and sizes, as well as on various documents or media, we appreciate the agency's efforts to not specifically define "conspicuous" but to evaluate it based on basic factors such as its prominence, presentations, placement and proximity to our qualifying statement. We believe privately insured credit unions can work within these parameters to effectively communicate the statute's required disclosures with its members.

Thank you for the opportunity to comment on this important issue.

Sincerely,

Jerome R. Valco
Chief Executive Officer