

From: PSimons@CreditUnion1.org
To: [Regulatory Comments](#)
Subject: Paul Simons Comments on Notice of Proposed Rulemaking for Part 704 - Corporate Credit Unions
Date: Friday, December 10, 2010 2:10:11 PM

December 10, 2010

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

Re. Notice of Proposed Rulemaking for Part 704-Corporate Credit Unions

Dear Ms. Rupp:

I read with amazement the proposed changes to Rule 704, specifically where it is proposed that non FICU members make a “fair share” or “voluntary” contribution to the TCCUSF. Of course it doesn’t sound too voluntary, since, if you don’t pay it, according to part 704.21, the subject corporate credit union is required to call a membership meeting within 90 days for the purpose of its members voting on expulsion of the non federally insured credit union for not making its “voluntary contribution”. Not to use too strong of a word but that sounds very close to extortion.

As a privately insured credit union we receive absolutely no benefit from the National Credit Union Share Insurance Fund. We must go to great lengths to distance ourselves from any possible link to the NCUSIF and the supposed benefit of federal deposit insurance. We utilize the corporate credit union system no different than we would utilize any vendor of our credit union. If we utilize the services of a bank for check processing I am quite sure that the FDIC would not be asking us to make a “fair share” contribution for any losses incurred in the banking system.

I realize we have a very small voice and our only real option is voting with our feet. We have kept our excess liquidity in the corporate system up to this point, but it appears as if we will be forced out of the system. I have always been a great believer in keeping the liquidity of credit unions within the credit union system. If we were federally insured I would certainly understand the assessment, after all it is a cooperative movement. We chose to belong and be insured under a private deposit insurance cooperative, American Share Insurance, and are fully responsible for our fair share of any losses within the privately insured credit union cooperative. I totally disagree with NCUAs approach to make us responsible for losses incurred by a federally chartered, federally insured and regulated institution.

The Federal Reserve Bank certainly provides an attractive alternative.

Sincerely,

Paul Simons, President
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