

"VOLUNTARY" ASSESSMENT ON NON-FICUs

Our Credit Union has serious concerns about the legality, the terminology as well as the reasonableness for the need in requiring any non-federally insured entity that is a corporate member to be assessed a "voluntarily" contribution toward corporate stabilization."The proposed rule provides, if a non-federally insured entity does not choose to make the "voluntary" contribution, its corporate credit union would be required to call a special membership meeting within 90 days of receiving notice, the decision not to pay the "voluntary" assessment for the express purpose of having a vote that would determine whether the non-federally insured entity should be able to retain membership. Where is this truly a voluntary contribution? At the very least, this is poor a poor choice of words and at the worst, it is a disrespectful use of that word and reduces trust in an environment that calls out for high levels of trust and high levels of integrity (the core elements upon which the credit union industry was founded) There is nothing truly voluntary in this proposal.

In addition to the legal foundation of this proposal being in question, we are also concerned that this proposal will divide an industry already under challenge and will result in non-federally insured credit unions dropping their corporate membership and moving their business outside to other providers of those services. This is clearly not in the interest of the credit union system and its affiliates.

Additionally we believe the NCUA lacks authority for rulemaking of this nature and is attempting to Broaden it's powers in conjunction with this proposed rule. Federal law clearly instructs the NCUA to charge only federally insured credit unions ("FICUs") for any assessment due the TCCUSF.

Non-FICUs and FICUs alike lost billions of dollars in capital as a result of the corporate failures, and while in theory, all investors may receive a recovery of their capital losses as the toxic investments mature, under Title II of the Federal Credit Union Act, non-FICUs can never recover their "voluntary contributions" through future NCUSIF dividends that would clearly inure to the benefit of federally insured credit unions. So how can the NCUA assess non-FICUs when such entities have no rights to

Federal law requires privately insured credit unions conspicuously disclose that they are "**not** backed by the full faith and credit of the US government." Given this, why would non-FICUs be required to Pay for losses sustained by an agency of the US government.

Corporate credit unions are supposedly "backed by the full faith and credit of the United State Government," and not its investors or customers (federally or privately insured). In discharging this commitment, the TCCUSF was created by Congress to mitigate the burden on federally insured credit unions, and only federally insured credit unions. Unfortunately, the NCUA's Amendments and its Corporate Stabilization Program seem to refute these general purpose statements and affirm that these institutions are actually "backed by the full faith and capital of federally insured credit unions,"...and now apparently, privately insured credit unions, credit union leagues, CUSOs and others

Sincerely,

Michael L. Mastro
President/CEO
Los Angeles Firemen's Credit Union

